



Rep. Barbara Flynn Currie

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1 AMENDMENT TO SENATE BILL 397

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 397 by replacing  
3 everything after the enacting clause with the following:

4 "Section 3. The Economic Development Area Tax Increment  
5 Allocation Act is amended by changing Sections 3, 4, 5, 8, 9,  
6 and 11 and by adding Section 4.5 as follows:

7 (20 ILCS 620/3) (from Ch. 67 1/2, par. 1003)

8 Sec. 3. Definitions. In this Act, words or terms shall have  
9 the following meanings unless the context or usage clearly  
10 indicates that another meaning is intended.

11 (a) "Department" means the Department of Commerce and  
12 Economic Opportunity.

13 (b) "Economic development plan" means the written plan of a  
14 municipality which sets forth an economic development program  
15 for an economic development project area. Each economic  
16 development plan shall include but not be limited to (1)

1 estimated economic development project costs, (2) the sources  
2 of funds to pay such costs, (3) the nature and term of any  
3 obligations to be issued by the municipality to pay such costs,  
4 (4) the most recent equalized assessed valuation of the  
5 economic development project area, (5) an estimate of the  
6 equalized assessed valuation of the economic development  
7 project area after completion of an economic development  
8 project, (6) the estimated date of completion of any economic  
9 development project proposed to be undertaken, (7) a general  
10 description of any proposed developer, user, or tenant of any  
11 property to be located or improved within the economic  
12 development project area, (8) a description of the type,  
13 structure and general character of the facilities to be  
14 developed or improved in the economic development project area,  
15 (9) a description of the general land uses to apply in the  
16 economic development project area, (10) a description of the  
17 type, class and number of employees to be employed in the  
18 operation of the facilities to be developed or improved in the  
19 economic development project area, and (11) a commitment by the  
20 municipality to fair employment practices and an affirmative  
21 action plan with respect to any economic development program to  
22 be undertaken by the municipality.

23 (c) "Economic development project" means any development  
24 project in furtherance of the objectives of this Act.

25 (d) "Economic development project area" means any improved  
26 or vacant area which (1) is located within or partially within

1 or partially without the territorial limits of a municipality,  
2 provided that no area without the territorial limits of a  
3 municipality shall be included in an economic development  
4 project area without the express consent of the Department,  
5 acting as agent for the State, (2) is contiguous, (3) is not  
6 less in the aggregate than three hundred twenty acres, (4) is  
7 suitable for siting by any commercial, manufacturing,  
8 industrial, research or transportation enterprise of  
9 facilities to include but not be limited to commercial  
10 businesses, offices, factories, mills, processing plants,  
11 assembly plants, packing plants, fabricating plants,  
12 industrial or commercial distribution centers, warehouses,  
13 repair overhaul or service facilities, freight terminals,  
14 research facilities, test facilities or transportation  
15 facilities, whether or not such area has been used at any time  
16 for such facilities and whether or not the area has been used  
17 or is suitable for other uses, including commercial  
18 agricultural purposes, and (5) which has been approved and  
19 certified by the Department pursuant to this Act.

20 (e) "Economic development project costs" mean and include  
21 the sum total of all reasonable or necessary costs incurred by  
22 a municipality incidental to an economic development project,  
23 including, without limitation, the following:

24 (1) Costs of studies, surveys, development of plans and  
25 specifications, implementation and administration of an  
26 economic development plan, personnel and professional service

1 costs for architectural, engineering, legal, marketing,  
2 financial, planning, police, fire, public works or other  
3 services, provided that no charges for professional services  
4 may be based on a percentage of incremental tax revenues;

5 (2) Property assembly costs within an economic development  
6 project area, including but not limited to acquisition of land  
7 and other real or personal property or rights or interests  
8 therein, and specifically including payments to developers or  
9 other nongovernmental persons as reimbursement for property  
10 assembly costs incurred by such developer or other  
11 nongovernmental person;

12 (3) Site preparation costs, including but not limited to  
13 clearance of any area within an economic development project  
14 area by demolition or removal of any existing buildings,  
15 structures, fixtures, utilities and improvements and clearing  
16 and grading; and including installation, repair, construction,  
17 reconstruction, or relocation of public streets, public  
18 utilities, and other public site improvements within or without  
19 an economic development project area which are essential to the  
20 preparation of the economic development project area for use in  
21 accordance with an economic development plan; and specifically  
22 including payments to developers or other nongovernmental  
23 persons as reimbursement for site preparation costs incurred by  
24 such developer or nongovernmental person;

25 (4) Costs of renovation, rehabilitation, reconstruction,  
26 relocation, repair or remodeling of any existing buildings,

1 improvements, and fixtures within an economic development  
2 project area, and specifically including payments to  
3 developers or other nongovernmental persons as reimbursement  
4 for such costs incurred by such developer or nongovernmental  
5 person;

6 (5) Costs of construction, acquisition, and operation  
7 within an economic development project area of public  
8 improvements, including but not limited to, publicly-owned  
9 buildings, structures, works, utilities or fixtures;

10 (6) Financing costs, including but not limited to all  
11 necessary and incidental expenses related to the issuance of  
12 obligations, payment of any interest on any obligations issued  
13 hereunder which accrues during the estimated period of  
14 construction of any economic development project for which such  
15 obligations are issued and for not exceeding 36 months  
16 thereafter, and any reasonable reserves related to the issuance  
17 of such obligations;

18 (7) All or a portion of a taxing district's capital costs  
19 resulting from an economic development project necessarily  
20 incurred or estimated to be incurred by a taxing district in  
21 the furtherance of the objectives of an economic development  
22 project, to the extent that the municipality by written  
23 agreement accepts and approves such costs;

24 (8) Relocation costs to the extent that a municipality  
25 determines that relocation costs shall be paid or is required  
26 to make payment of relocation costs by federal or State law;

1           (9) The estimated tax revenues from real property in an  
2 economic development project area acquired by a municipality  
3 which, according to the economic development plan, is to be  
4 used for a private use and which any taxing district would have  
5 received had the municipality not adopted tax increment  
6 allocation financing for an economic development project area  
7 and which would result from such taxing district's levies made  
8 after the time of the adoption by the municipality of tax  
9 increment allocation financing to the time the current  
10 equalized assessed value of real property in the economic  
11 development project area exceeds the total initial equalized  
12 value of real property in said area;

13           (10) Costs of job training, advanced vocational or career  
14 education, including but not limited to courses in  
15 occupational, semi-technical or technical fields leading  
16 directly to employment, incurred by one or more taxing  
17 districts, provided that such costs are related to the  
18 establishment and maintenance of additional job training,  
19 advanced vocational education or career education programs for  
20 persons employed or to be employed by employers located in an  
21 economic development project area, and further provided that  
22 when such costs are incurred by a taxing district or taxing  
23 districts other than the municipality they shall be set forth  
24 in a written agreement by or among the municipality and the  
25 taxing district or taxing districts, which agreement describes  
26 the program to be undertaken, including but not limited to the

1 number of employees to be trained, a description of the  
2 training and services to be provided, the number and type of  
3 positions available or to be available, itemized costs of the  
4 program and sources of funds to pay the same, and the term of  
5 the agreement. Such costs include, specifically, the payment by  
6 community college districts of costs pursuant to Sections 3-37,  
7 3-38, 3-40 and 3-40.1 of the Public Community College Act and  
8 by school districts of costs pursuant to Sections 10-22.20a and  
9 10-23.3a of The School Code;

10 (11) Private financing costs incurred by developers or  
11 other nongovernmental persons in connection with an economic  
12 development project, and specifically including payments to  
13 developers or other nongovernmental persons as reimbursement  
14 for such costs incurred by such developer or other  
15 nongovernmental person, provided that:

16 (A) private financing costs shall be paid or reimbursed by  
17 a municipality only pursuant to the prior official action of  
18 the municipality evidencing an intent to pay or reimburse such  
19 private financing costs;

20 (B) except as provided in subparagraph (D), the aggregate  
21 amount of such costs paid or reimbursed by a municipality in  
22 any one year shall not exceed 30% of such costs paid or  
23 incurred by the developer or other nongovernmental person in  
24 that year;

25 (C) private financing costs shall be paid or reimbursed by  
26 a municipality solely from the special tax allocation fund

1 established pursuant to this Act and shall not be paid or  
2 reimbursed from the proceeds of any obligations issued by a  
3 municipality;

4 (D) if there are not sufficient funds available in the  
5 special tax allocation fund in any year to make such payment or  
6 reimbursement in full, any amount of such interest cost  
7 remaining to be paid or reimbursed by a municipality shall  
8 accrue and be payable when funds are available in the special  
9 tax allocation fund to make such payment; and

10 (E) in connection with its approval and certification of an  
11 economic development project pursuant to Section 5 of this Act,  
12 the Department shall review any agreement authorizing the  
13 payment or reimbursement by a municipality of private financing  
14 costs in its consideration of the impact on the revenues of the  
15 municipality and the affected taxing districts of the use of  
16 tax increment allocation financing.

17 (f) "Municipality" means a city, village or incorporated  
18 town.

19 (g) "Obligations" means any instrument evidencing the  
20 obligation of a municipality to pay money, including without  
21 limitation, bonds, notes, installment or financing contracts,  
22 certificates, tax anticipation warrants or notes, vouchers,  
23 and any other evidence of indebtedness.

24 (h) "Taxing districts" means counties, townships,  
25 municipalities, and school, road, park, sanitary, mosquito  
26 abatement, forest preserve, public health, fire protection,

1 river conservancy, tuberculosis sanitarium and any other  
2 municipal corporations or districts with the power to levy  
3 taxes.

4 (Source: P.A. 94-793, eff. 5-19-06.)

5 (20 ILCS 620/4) (from Ch. 67 1/2, par. 1004)

6 Sec. 4. Establishment of economic development project  
7 areas; ordinance; notice; hearing; changes in economic  
8 development plan. Economic development project areas shall be  
9 established as follows:

10 (a) The corporate authorities of a municipality shall by  
11 ordinance propose the establishment of an economic development  
12 project area and fix a time and place for a public hearing, and  
13 shall submit a certified copy of the ordinance as adopted to  
14 the Department.

15 (b) (1) Notice of the public hearing shall be given by  
16 publication and mailing. Notice by publication shall be given  
17 by publication at least twice, the first publication to be not  
18 more than 30 nor less than 10 days prior to the hearing in a  
19 newspaper of general circulation within the taxing districts  
20 having property in the proposed economic development project  
21 area. Notice by mailing shall be given by depositing such  
22 notice together with a copy of the proposed economic  
23 development plan in the United States mails by certified mail  
24 addressed to the person or persons in whose name the general  
25 taxes for the last preceding year were paid on each lot, block,

1 tract, or parcel of land lying within the economic development  
2 project area. The notice shall be mailed not less than 10 days  
3 prior to the date set for the public hearing. In the event  
4 taxes for the last preceding year were not paid, the notice  
5 shall also be sent to the persons last listed on the tax rolls  
6 within the preceding 3 years as the owners of such property.

7 (2) The notices issued pursuant to this Section shall  
8 include the following:

9 (A) The time and place of public hearing;

10 (B) The boundaries of the proposed economic development  
11 project area by legal description and by street location where  
12 possible;

13 (C) A notification that all interested persons will be  
14 given an opportunity to be heard at the public hearing;

15 (D) An invitation for any person to submit alternative  
16 proposals or bids for any proposed conveyance, lease, mortgage  
17 or other disposition of land within the proposed economic  
18 development project area;

19 (E) A description of the economic development plan or  
20 economic development project if a plan or project is a subject  
21 matter of the hearing; and

22 (F) Such other matters as the municipality may deem  
23 appropriate.

24 (3) Not less than 30 days prior to the date set for  
25 hearing, the municipality shall give notice by mail as provided  
26 in this subsection (b) to all taxing districts, of which

1 taxable property is included in the economic development  
2 project area, and to the Department. In addition to the other  
3 requirements under this subsection (b), the notice shall  
4 include an invitation to the Department and each taxing  
5 district to submit comments to the municipality concerning the  
6 subject matter of the hearing prior to the date of hearing.

7 (c) At the public hearing any interested person, the  
8 Department or any affected taxing district may file written  
9 objections with the municipal clerk and may be heard orally  
10 with respect to any issues embodied in the notice. The  
11 municipality shall hear and determine all alternate proposals  
12 or bids for any proposed conveyance, lease, mortgage or other  
13 disposition of land and all protests and objections at the  
14 hearing, and the hearing may be adjourned to another date  
15 without further notice other than a motion to be entered upon  
16 the minutes fixing the time and place of the adjourned hearing.  
17 Public hearings with regard to an economic development plan,  
18 economic development project area, or economic development  
19 project may be held simultaneously.

20 (d) At the public hearing or at any time prior to the  
21 adoption by the municipality of an ordinance approving an  
22 economic development plan, the municipality may make changes in  
23 the economic development plan. Changes which (1) alter the  
24 exterior boundaries of the proposed economic development  
25 project area, (2) substantially affect the general land uses  
26 established in the proposed economic development plan, (3)

1 substantially change the nature of the proposed economic  
2 development project, (4) change the general description of any  
3 proposed developer, user or tenant of any property to be  
4 located or improved within the economic development project  
5 area, or (5) change the description of the type, class and  
6 number of employees to be employed in the operation of the  
7 facilities to be developed or improved within the economic  
8 development project area shall be made only after notice and  
9 hearing pursuant to the procedures set forth in this Section.  
10 Changes which do not (1) alter the exterior boundaries of a  
11 proposed economic development project area, (2) substantially  
12 affect the general land uses established in the proposed  
13 economic development plan, (3) substantially change the nature  
14 of the proposed economic development project, (4) change the  
15 general description of any proposed developer, user or tenant  
16 of any property to be located or improved within the economic  
17 development project area, or (5) change the description of the  
18 type, class and number of employees to be employed in the  
19 operation of the facilities to be developed or improved within  
20 the economic development project area may be made without  
21 further hearing, provided that the municipality shall give  
22 notice of its changes by mail to the Department and to each  
23 affected taxing district and by publication in a newspaper or  
24 newspapers of general circulation within the affected taxing  
25 districts. Such notice by mail and by publication shall each  
26 occur not later than 10 days following the adoption by

1 ordinance of such changes.

2 (e) At any time within 30 days of the final adjournment of  
3 the public hearing, a municipality may, by ordinance, approve  
4 the economic development plan, establish the economic  
5 development project area, and authorize tax increment  
6 allocation financing for such economic development project  
7 area. Any ordinance adopted which approves an economic  
8 development plan shall contain findings that the economic  
9 development project shall create or retain not less than 4,250  
10 ~~2,000~~ full-time equivalent jobs, that private investment in an  
11 amount not less than \$100,000,000 shall occur in the economic  
12 development project area, that the economic development  
13 project will encourage the increase of commerce and industry  
14 within the State, thereby reducing the evils attendant upon  
15 unemployment and increasing opportunities for personal income,  
16 and that the economic development project will increase or  
17 maintain the property, sales and income tax bases of the  
18 municipality and of the State. Any ordinance adopted which  
19 establishes an economic development project area shall contain  
20 the boundaries of such area by legal description and, where  
21 possible, by street location. Any ordinance adopted which  
22 authorizes tax increment allocation financing shall provide  
23 that the ad valorem taxes, if any, arising from the levies upon  
24 taxable real property in such economic development project area  
25 by taxing districts and tax rates determined in the manner  
26 provided in subsection (b) of Section 6 of this Act each year

1 after the effective date of the ordinance until economic  
2 development project costs and all municipal obligations  
3 financing economic development project costs incurred under  
4 this Act have been paid shall be divided as follows:

5 (1) That portion of taxes levied upon each taxable lot,  
6 block, tract or parcel of real property which is attributable  
7 to the lower of the current equalized assessed value or the  
8 initial equalized assessed value of each such taxable lot,  
9 block, tract or parcel of real property in the economic  
10 development project area shall be allocated to and when  
11 collected shall be paid by the county collector to the  
12 respective affected taxing districts in the manner required by  
13 law in the absence of the adoption of tax increment allocation  
14 financing.

15 (2) That portion, if any, of such taxes which is  
16 attributable to the increase in the current equalized assessed  
17 valuation of each taxable lot, block, tract or parcel of real  
18 property in the economic development project area over and  
19 above the initial equalized assessed value of each property in  
20 the economic development project area shall be allocated to and  
21 when collected shall be paid to the municipal treasurer who  
22 shall deposit such taxes into a special fund called the special  
23 tax allocation fund of the municipality for the purpose of  
24 paying economic development project costs and obligations  
25 incurred in the payment thereof.

26 (f) After a municipality has by ordinance approved an

1 economic development plan and established an economic  
2 development project area, the plan may be amended and the  
3 boundaries of the area may be altered only as herein provided.  
4 Amendments which (1) alter the exterior boundaries of an  
5 economic development project area, (2) substantially affect  
6 the general land uses established pursuant to the economic  
7 development plan, (3) substantially change the nature of the  
8 economic development project, (4) change the general  
9 description of any proposed developer, user, or tenant of any  
10 property to be located or improved within the economic  
11 development project area, or (5) change the description of the  
12 type, class and number of employees to be employed in the  
13 operation of the facilities to be developed or improved within  
14 the economic development project area, shall be made only after  
15 notice and hearing pursuant to the procedures set forth in this  
16 Section. Amendments which do not (1) alter the boundaries of  
17 the economic development project area, (2) substantially  
18 affect the general land uses established in the economic  
19 development plan, (3) substantially change the nature of the  
20 economic development project, (4) change the general  
21 description of any proposed developer, user, or tenant of any  
22 property to be located or improved within the economic  
23 development project area, or (5) change the description of the  
24 type, class and number of employees to be employed in the  
25 operation of the facilities to be developed or improved within  
26 the economic development project area may be made without

1 further hearing, provided that the municipality shall give  
2 notice of any amendment by mail to the Department and to each  
3 taxing district and by publication in a newspaper or newspapers  
4 of general circulation within the affected taxing districts.  
5 Such notice by mail and by publication shall each occur not  
6 later than 10 days following the adoption by ordinance of any  
7 amendments.

8 (g) Extension of economic development project area;  
9 allocations; payment of outstanding claims; changes in  
10 equalized assessed valuation.

11 (1) Notwithstanding anything to the contrary set forth in  
12 this Act, upon the effective date of this amendatory Act of the  
13 97th General Assembly, the duration of any existing economic  
14 development plan created pursuant to this Act is extended to  
15 the maximum duration permitted under Section 8 of this Act.

16 (2) For the purposes of this Section, real estate taxes  
17 paid on property within the Economic Development Project Area  
18 during calendar year 2013 and remitted to the parties to the  
19 Economic Development Agreement in 2014 shall be the "base  
20 amount". Beginning with real estate taxes remitted in 2014, for  
21 any economic development plan extended by operation of item (1)  
22 of this subsection (g), until such time as all obligations to  
23 the Developer have been satisfied, the allocation of the  
24 special tax allocation fund shall be as follows:

25 (A) Municipality: All receipts up to and including \$5  
26 million (inclusive of amounts due the municipality as a

1 participating taxing district);

2 (B) Developer: 55% of receipts above \$5 million;

3 (C) Taxing Districts: 45% of receipts above \$5 million  
4 (excluding amounts due the municipality as a participating  
5 taxing district).

6 Except as provided in this paragraph, after all current and  
7 future obligations under the Economic Development Agreement to  
8 the developer have been satisfied, the municipality shall  
9 receive \$5 million annually (inclusive of the amount due the  
10 municipality as a taxing district) and the taxing districts  
11 shall receive the remainder in the same manner and proportion  
12 as the most recent distribution by the county collector to  
13 those taxing districts in the Economic Development Project  
14 Area. In the event real estate taxes collected on property  
15 within the Economic Development Project Area increase in any  
16 year by an amount sufficient to generate a distribution of more  
17 than \$5 million for the municipality, as determined by  
18 calculating the distribution to the municipality in the same  
19 manner and proportion as the most recent distribution by the  
20 county collector to the municipality from real property taxes  
21 from real property in the Economic Development Project Area,  
22 without regard to the Economic Development Agreement, the  
23 municipality shall be entitled to its proportionate share of  
24 the increase as a taxing district.

25 (3) For real estate taxes paid in 2012 and remitted to the  
26 parties to the Economic Development Agreement in 2013 and prior

1 years, the allocation formula contained in any economic  
2 development plan in effect immediately prior to the effective  
3 date of this amendatory Act of the 97th General Assembly shall  
4 apply.

5 (4) All notes due and payable shall be processed and paid  
6 in the order received, with the oldest notes to be processed  
7 and paid first. Beginning January 1, 2012, all outstanding  
8 interest bearing notes shall bear interest at the rate of 4%  
9 until paid.

10 (5) Beginning with real estate taxes paid in 2014 and  
11 remitted to the parties to the Economic Development Agreement  
12 in 2015, and each year thereafter, in the event the taxes paid  
13 within the Economic Development Project Area change from the  
14 base amount, the allocation of the special tax allocation fund  
15 shall be as follows:

16 (A) If the amount of current year taxes paid is less  
17 than the base amount, then the municipality shall receive  
18 the first \$5 million and the remaining allocations from the  
19 special tax allocation fund to the developer and the taxing  
20 districts shall be reduced pro rata.

21 (B) If the amount of current year taxes paid is greater  
22 than the base amount, then 75% of the increase in real  
23 estate tax receipts shall be payable to the developer, with  
24 the remaining 25% of those additional receipts being  
25 distributed in the taxing districts (including the  
26 municipality) pursuant to the formula in this subsection.

1       Prorations required by this Section shall be made based  
2       upon the actual taxes collected during the year, without  
3       regard to the date of the levy.

4       (Source: P.A. 86-38.)

5             (20 ILCS 620/4.5 new)

6       Sec. 4.5. Recapture. In the event that the Developer  
7       terminates all of its operations and vacates the redevelopment  
8       area within 60 months after the effective date of this  
9       amendatory Act of the 97th General Assembly, the developer  
10       shall be required to remit to the Department an amount equal to  
11       the payments disbursed to the developer in 2014 and subsequent  
12       years under the Agreement. Within 30 days after receipt, the  
13       Department shall remit such funds to the county collector. The  
14       county collector shall thereafter make distribution to the  
15       respective taxing districts in the same manner and proportion  
16       as the most recent distribution by the county collector to  
17       those taxing districts of real property taxes from real  
18       property in the Economic Development Project Area.

19             (20 ILCS 620/5) (from Ch. 67 1/2, par. 1005)

20       Sec. 5. Submission to Department; certification by  
21 Department; limitation on number of permissible economic  
22 development project areas. (a) The municipality shall submit  
23 certified copies of any ordinances adopted approving an  
24 economic development plan, establishing an economic

1 development project area, and authorizing tax increment  
2 allocation financing for such economic development project  
3 area to the Department, together with (1) a map of the economic  
4 development project area, (2) a copy of the economic  
5 development plan as approved, (3) an analysis, and any  
6 supporting documents and statistics, demonstrating that the  
7 economic development project shall create or retain not less  
8 than 4,250 ~~2,000~~ full-time equivalent jobs and that private  
9 investment in the amount of not less than \$100,000,000 shall  
10 occur in the economic development project area, (4) an estimate  
11 of the economic impact of the economic development project and  
12 the use of tax increment allocation financing upon the revenues  
13 of the municipality and the affected taxing districts, (5) a  
14 record of all public hearings had in connection with the  
15 establishment of the economic development project area, and (6)  
16 such other information as the Department by regulation may  
17 require.

18 (b) Upon receipt of an application from a municipality the  
19 Department shall review the application to determine whether  
20 the economic development project area qualifies as an economic  
21 development project area under this Act. At its discretion, the  
22 Department may accept or reject the application or may request  
23 such additional information as it deems necessary or advisable  
24 to aid its review. If any such area is found to be qualified to  
25 be an economic development project area, the Department shall  
26 approve and certify such economic development project area and

1 shall provide written notice of its approval and certification  
2 to the municipality and to the county clerk. In determining  
3 whether an economic development project area shall be approved  
4 and certified, the Department shall consider (1) whether,  
5 without public intervention, the State would suffer  
6 substantial economic dislocation, such as relocation of a  
7 commercial business or industrial or manufacturing facility to  
8 another state, territory or country, or would not otherwise  
9 benefit from private investment offering substantial  
10 employment opportunities and economic growth, and (2) the  
11 impact on the revenues of the municipality and the affected  
12 taxing districts of the use of tax increment allocation  
13 financing in connection with the economic development project.

14 (c) On or before the date which is 18 months following the  
15 date on which this Act becomes law, the Department shall submit  
16 to the General Assembly a report detailing the number of  
17 economic development project areas it has approved and  
18 certified, the number and type of jobs created or retained  
19 therein, the aggregate amount of private investment therein,  
20 the impact on the revenues of municipalities and affected  
21 taxing districts of the use of tax increment allocation  
22 financing therein, and such additional information as the  
23 Department may determine to be relevant. On or after the date  
24 which is 20 months following the date on which this Act becomes  
25 law the authority granted hereunder to municipalities to  
26 establish economic development project areas and to adopt tax

1 increment allocation financing in connection therewith and to  
2 the Department to approve and certify economic development  
3 project areas shall expire unless the General Assembly shall  
4 have authorized municipalities and the Department to continue  
5 to exercise the powers granted to them hereunder.

6 (Source: P.A. 86-38.)

7 (20 ILCS 620/8) (from Ch. 67 1/2, par. 1008)

8 Sec. 8. Issuance of obligations for economic development  
9 project costs. Obligations secured by the special tax  
10 allocation fund provided for in Section 7 of this Act for an  
11 economic development project area may be issued to provide for  
12 economic development project costs. Those obligations, when so  
13 issued, shall be retired in the manner provided in the  
14 ordinance authorizing the issuance of the obligations by the  
15 receipts of taxes levied as specified in Section 6 of this Act  
16 against the taxable property included in the economic  
17 development project area and by other revenue designated or  
18 pledged by the municipality. A municipality may in the  
19 ordinance pledge all or any part of the funds in and to be  
20 deposited in the special tax allocation fund created pursuant  
21 to Section 7 of this Act to the payment of the economic  
22 development project costs and obligations. Whenever a  
23 municipality pledges all of the funds to the credit of a  
24 special tax allocation fund to secure obligations issued or to  
25 be issued to pay economic development project costs, the

1 municipality may specifically provide that funds remaining to  
2 the credit of such special tax allocation fund after the  
3 payment of such obligations shall be accounted for annually and  
4 shall be deemed to be "surplus" funds, and such "surplus" funds  
5 shall be distributed as hereinafter provided. Whenever a  
6 municipality pledges less than all of the monies to the credit  
7 of a special tax allocation fund to secure obligations issued  
8 or to be issued to pay economic development project costs, the  
9 municipality shall provide that monies to the credit of the  
10 special tax allocation fund and not subject to such pledge or  
11 otherwise encumbered or required for payment of contractual  
12 obligations for specific economic development project costs  
13 shall be calculated annually and shall be deemed to be  
14 "surplus" funds, and such "surplus" funds shall be distributed  
15 as hereinafter provided. All funds to the credit of a special  
16 tax allocation fund which are deemed to be "surplus" funds  
17 shall be distributed annually within 180 days of the close of  
18 the municipality's fiscal year by being paid by the municipal  
19 treasurer to the county collector. The county collector shall  
20 thereafter make distribution to the respective taxing  
21 districts in the same manner and proportion as the most recent  
22 distribution by the county collector to those taxing districts  
23 of real property taxes from real property in the economic  
24 development project area.

25 Without limiting the foregoing in this Section the  
26 municipality may, in addition to obligations secured by the

1 special tax allocation fund, pledge for a period not greater  
2 than the term of the obligations towards payment of those  
3 obligations any part or any combination of the following: (i)  
4 net revenues of all or part of any economic development  
5 project; (ii) taxes levied and collected on any or all property  
6 in the municipality, including, specifically, taxes levied or  
7 imposed by the municipality in a special service area pursuant  
8 to "An Act to provide the manner of levying or imposing taxes  
9 for the provision of special services to areas within the  
10 boundaries of home rule units and non-home rule municipalities  
11 and counties", approved September 21, 1973, as now or hereafter  
12 amended; (iii) the full faith and credit of the municipality;  
13 (iv) a mortgage on part or all of the economic development  
14 project; or (v) any other taxes or anticipated receipts that  
15 the municipality may lawfully pledge.

16 Such obligations may be issued in one or more series  
17 bearing interest at such rate or rates as the corporate  
18 authorities of the municipality shall determine by ordinance,  
19 which rate or rates may be variable or fixed, without regard to  
20 any limitations contained in any law now in effect or hereafter  
21 adopted. Such obligations shall bear such date or dates, mature  
22 at such time or times not exceeding 38 ~~20~~ years from their  
23 respective dates, but in no event exceeding 38 ~~23~~ years from  
24 the date of establishment of the economic development project  
25 area, be in such denomination, be in such form, whether coupon,  
26 registered or book-entry, carry such registration, conversion

1 and exchange privileges, be executed in such manner, be payable  
2 in such medium of payment at such place or places within or  
3 without the State of Illinois, contain such covenants, terms  
4 and conditions, be subject to redemption with or without  
5 premium, be subject to defeasance upon such terms, and have  
6 such rank or priority, as such ordinance shall provide.  
7 Obligations issued pursuant to this Act may be sold at public  
8 or private sale at such price as shall be determined by the  
9 corporate authorities of the municipalities. Such obligations  
10 may, but need not, be issued utilizing the provisions of any  
11 one or more of the omnibus bond Acts specified in Section 1.33  
12 of "An Act to revise the law in relation to the construction of  
13 the statutes", approved March 5, 1874, as now or hereafter  
14 amended. No referendum approval of the electors shall be  
15 required as a condition to the issuance of obligations pursuant  
16 to this Act except as provided in this Section.

17 Whenever a municipality issues bonds for the purpose of  
18 financing economic development project costs, the municipality  
19 may provide by ordinance for the appointment of a trustee,  
20 which may be any trust company within the State, and for the  
21 establishment of the funds or accounts to be maintained by such  
22 trustee as the municipality shall deem necessary to provide for  
23 the security and payment of the bonds. If the municipality  
24 provides for the appointment of a trustee, the trustee shall be  
25 considered the assignee of any payments assigned by the  
26 municipality pursuant to the ordinance and this Section. Any

1 amounts paid to the trustee as assignee shall be deposited in  
2 the funds or accounts established pursuant to the trust  
3 agreement, and shall be held by the trustee in trust for the  
4 benefit of the holders of the bonds, and the holders shall have  
5 a lien on and a security interest in those bonds or accounts so  
6 long as the bonds remain outstanding and unpaid. Upon  
7 retirement of the bonds, the trustee shall pay over any excess  
8 amounts held to the municipality for deposit in the special tax  
9 allocation fund.

10 In the event the municipality authorizes the issuance of  
11 obligations pursuant to the authority of this Act secured by  
12 the full faith and credit of the municipality, or pledges ad  
13 valorem taxes pursuant to clause (ii) of the second paragraph  
14 of this Section, which obligations are other than obligations  
15 which may be issued under home rule powers provided by Article  
16 VII, Section 6 of the Illinois Constitution or which ad valorem  
17 taxes are other than ad valorem taxes which may be pledged  
18 under home rule powers provided by Article VII, Section 6 of  
19 the Illinois Constitution or which are levied in a special  
20 service area pursuant to "An Act to provide the manner of  
21 levying or imposing taxes for the provision of special services  
22 to areas within the boundaries of home rule units and non-home  
23 rule municipalities and counties", approved September 21,  
24 1973, as now or hereafter amended, the ordinance authorizing  
25 the issuance of those obligations or pledging those taxes shall  
26 be published within 10 days after the ordinance has been

1 adopted, in one or more newspapers having a general circulation  
2 within the municipality. The publication of the ordinance shall  
3 be accompanied by a notice of (1) the specific number of voters  
4 required to sign a petition requesting the question of the  
5 issuance of the obligations or pledging such ad valorem taxes  
6 to be submitted to the electors; (2) the time within which the  
7 petition must be filed; and (3) the date of the prospective  
8 referendum. The municipal clerk shall provide a petition form  
9 to any individual requesting one.

10 If no petition is filed with the municipal clerk, as  
11 hereinafter provided in this Section, within 21 days after the  
12 publication of the ordinance, the ordinance shall be in effect.  
13 However, if within that 21 day period a petition is filed with  
14 the municipal clerk, signed by electors numbering not less than  
15 15% of the number of electors voting for the mayor or president  
16 at the last general municipal election, asking that the  
17 question of issuing obligations using full faith and credit of  
18 the municipality as security for the cost of paying for  
19 economic development project costs, or of pledging such ad  
20 valorem taxes for the payment of those obligations, or both, be  
21 submitted to the electors of the municipality, the municipality  
22 shall not be authorized to issue obligations of the  
23 municipality using the full faith and credit of the  
24 municipality as security or pledging such ad valorem taxes for  
25 the payment of those obligations, or both, until the  
26 proposition has been submitted to and approved by a majority of

1 the voters voting on the proposition at a regularly scheduled  
2 election. The municipality shall certify the proposition to the  
3 proper election authorities for submission in accordance with  
4 the general election law.

5 The ordinance authorizing the obligations may provide that  
6 the obligations shall contain a recital that they are issued  
7 pursuant to this Act, which recital shall be conclusive  
8 evidence of their validity and of the regularity of their  
9 issuance.

10 In the event the municipality authorizes issuance of  
11 obligations pursuant to this Act secured by the full faith and  
12 credit of the municipality, the ordinance authorizing the  
13 obligations may provide for the levy and collection of a direct  
14 annual tax upon all taxable property within the municipality  
15 sufficient to pay the principal thereof and interest thereon as  
16 it matures, which levy may be in addition to and exclusive of  
17 the maximum of all other taxes authorized to be levied by the  
18 municipality, which levy, however, shall be abated to the  
19 extent that monies from other sources are available for payment  
20 of the obligations and the municipality certifies the amount of  
21 those monies available to the county clerk.

22 A certified copy of the ordinance shall be filed with the  
23 county clerk of each county in which any portion of the  
24 municipality is situated, and shall constitute the authority  
25 for the extension and collection of the taxes to be deposited  
26 in the special tax allocation fund.

1           A municipality may also issue its obligations to refund, in  
2 whole or in part, obligations theretofore issued by the  
3 municipality under the authority of this Act, whether at or  
4 prior to maturity. However, the last maturity of the refunding  
5 obligations shall not be expressed to mature later than 38 ~~23~~  
6 years from the date of the ordinance establishing the economic  
7 development project area.

8           In the event a municipality issues obligations under home  
9 rule powers or other legislative authority, the proceeds of  
10 which are pledged to pay for economic development project  
11 costs, the municipality may, if it has followed the procedures  
12 in conformance with this Act, retire those obligations from  
13 funds in the special tax allocation fund in amounts and in such  
14 manner as if those obligations had been issued pursuant to the  
15 provisions of this Act.

16           No obligations issued pursuant to this Act shall be  
17 regarded as indebtedness of the municipality issuing those  
18 obligations or any other taxing district for the purpose of any  
19 limitation imposed by law.

20           Obligations issued pursuant to this Act shall not be  
21 subject to the provisions of "An Act to authorize public  
22 corporations to issue bonds, other evidences of indebtedness  
23 and tax anticipation warrants subject to interest rate  
24 limitations set forth therein", approved May 26, 1970, as  
25 amended.

26           (Source: P.A. 86-38.)

1 (20 ILCS 620/9) (from Ch. 67 1/2, par. 1009)

2 Sec. 9. Powers of municipalities. In addition to powers  
3 which it may now have, any municipality has the power under  
4 this Act:

5 (a) To make and enter into all contracts necessary or  
6 incidental to the implementation and furtherance of an economic  
7 development plan.

8 (b) Within an economic development project area, to acquire  
9 by purchase, donation, lease or eminent domain, and to own,  
10 convey, lease, mortgage or dispose of land and other real or  
11 personal property or rights or interests therein; and to grant  
12 or acquire licenses, easements and options with respect  
13 thereto, all in the manner and at such price the municipality  
14 determines is reasonably necessary to achieve the objectives of  
15 the economic development project. No conveyance, lease,  
16 mortgage, disposition of land or other property acquired by the  
17 municipality, or agreement relating to the development of  
18 property, shall be made or executed except pursuant to prior  
19 official action of the municipality. No conveyance, lease,  
20 mortgage or other disposition of land, and no agreement  
21 relating to the development of property, shall be made without  
22 making public disclosure of the terms and disposition of all  
23 bids and proposals submitted to the municipality in connection  
24 therewith.

25 (c) To clear any area within an economic development

1 project area by demolition or removal of any existing  
2 buildings, structures, fixtures, utilities or improvements,  
3 and to clear and grade land.

4 (d) To install, repair, construct, reconstruct or relocate  
5 public streets, public utilities, and other public site  
6 improvements within or without an economic development project  
7 area which are essential to the preparation of an economic  
8 development project area for use in accordance with an economic  
9 development plan.

10 (e) To renovate, rehabilitate, reconstruct, relocate,  
11 repair or remodel any existing buildings, improvements, and  
12 fixtures within an economic development project area.

13 (f) To construct, acquire, and operate public  
14 improvements, including but not limited to, publicly-owned  
15 buildings, structures, works, utilities or fixtures within any  
16 economic development project area.

17 (g) To issue obligations as in this Act provided.

18 (h) To fix, charge and collect fees, rents and charges for  
19 the use of any building, facility or property or any portion  
20 thereof owned or leased by the municipality within an economic  
21 development project area.

22 (i) To accept grants, guarantees, donations of property or  
23 labor, or any other thing of value for use in connection with  
24 an economic development project.

25 (j) To pay or cause to be paid economic development project  
26 costs. Any payments to be made by the municipality to

1 developers or other nongovernmental persons for economic  
2 development project costs incurred by such developer or other  
3 nongovernmental person shall be made only pursuant to the prior  
4 official action of the municipality evidencing an intent to pay  
5 or cause to be paid such economic development project costs. A  
6 municipality is not required to obtain any right, title or  
7 interest in any real or personal property in order to pay  
8 economic development project costs associated with such  
9 property. The municipality shall adopt such accounting  
10 procedures as may be necessary to determine that such economic  
11 development project costs are properly paid.

12 (k) To exercise any and all other powers necessary to  
13 effectuate the purposes of this Act.

14 (l) To create a commission of not less than 5 or more than  
15 15 persons to be appointed by the mayor or president of the  
16 municipality with the consent of the majority of the corporate  
17 authorities of the municipality. Members of a commission shall  
18 be appointed for initial terms of 1, 2, 3, 4, and 5 years,  
19 respectively, in such numbers as to provide that the terms of  
20 not more than 1/3 of all such members shall expire in any one  
21 year. Their successors shall be appointed for a term of 5  
22 years. The commission, subject to approval of the corporate  
23 authorities, may exercise the powers enumerated in this  
24 Section. The commission shall also have the power to hold the  
25 public hearings required by this Act and make recommendations  
26 to the corporate authorities concerning the approval of

1 economic development plans, the establishment of economic  
2 development project areas, and the adoption of tax increment  
3 allocation financing for economic development project areas.

4 (Source: P.A. 91-357, eff. 7-29-99.)

5 (20 ILCS 620/11) (from Ch. 67 1/2, par. 1011)

6 Sec. 11. Payment of project costs; revenues from municipal  
7 property. Revenues received by a municipality from any  
8 property, building or facility owned, leased or operated by the  
9 municipality or any agency or authority established by the  
10 municipality may be used to pay economic development project  
11 costs, or reduce outstanding obligations of the municipality  
12 incurred under this Act for economic development project costs.  
13 The municipality may place those revenues in the special tax  
14 allocation fund which shall be held by the municipal treasurer  
15 or other person designated by the municipality. Revenue  
16 received by the municipality from the sale or other disposition  
17 of real or personal property or rights or interests therein  
18 acquired by the municipality with the proceeds of obligations  
19 funded by tax increment allocation financing may be used to  
20 acquire and operate other municipal property within the  
21 economic development project area or ~~shall~~ be deposited by the  
22 municipality in the special tax allocation fund.

23 (Source: P.A. 86-38.)

24 Section 5. The Illinois Income Tax Act is amended by

1 changing Sections 201, 203, 204, 207, 212, and 304 as follows:

2 (35 ILCS 5/201) (from Ch. 120, par. 2-201)

3 Sec. 201. Tax Imposed.

4 (a) In general. A tax measured by net income is hereby  
5 imposed on every individual, corporation, trust and estate for  
6 each taxable year ending after July 31, 1969 on the privilege  
7 of earning or receiving income in or as a resident of this  
8 State. Such tax shall be in addition to all other occupation or  
9 privilege taxes imposed by this State or by any municipal  
10 corporation or political subdivision thereof.

11 (b) Rates. The tax imposed by subsection (a) of this  
12 Section shall be determined as follows, except as adjusted by  
13 subsection (d-1):

14 (1) In the case of an individual, trust or estate, for  
15 taxable years ending prior to July 1, 1989, an amount equal  
16 to 2 1/2% of the taxpayer's net income for the taxable  
17 year.

18 (2) In the case of an individual, trust or estate, for  
19 taxable years beginning prior to July 1, 1989 and ending  
20 after June 30, 1989, an amount equal to the sum of (i) 2  
21 1/2% of the taxpayer's net income for the period prior to  
22 July 1, 1989, as calculated under Section 202.3, and (ii)  
23 3% of the taxpayer's net income for the period after June  
24 30, 1989, as calculated under Section 202.3.

25 (3) In the case of an individual, trust or estate, for

1 taxable years beginning after June 30, 1989, and ending  
2 prior to January 1, 2011, an amount equal to 3% of the  
3 taxpayer's net income for the taxable year.

4 (4) In the case of an individual, trust, or estate, for  
5 taxable years beginning prior to January 1, 2011, and  
6 ending after December 31, 2010, an amount equal to the sum  
7 of (i) 3% of the taxpayer's net income for the period prior  
8 to January 1, 2011, as calculated under Section 202.5, and  
9 (ii) 5% of the taxpayer's net income for the period after  
10 December 31, 2010, as calculated under Section 202.5.

11 (5) In the case of an individual, trust, or estate, for  
12 taxable years beginning on or after January 1, 2011, and  
13 ending prior to January 1, 2015, an amount equal to 5% of  
14 the taxpayer's net income for the taxable year.

15 (5.1) In the case of an individual, trust, or estate,  
16 for taxable years beginning prior to January 1, 2015, and  
17 ending after December 31, 2014, an amount equal to the sum  
18 of (i) 5% of the taxpayer's net income for the period prior  
19 to January 1, 2015, as calculated under Section 202.5, and  
20 (ii) 3.75% of the taxpayer's net income for the period  
21 after December 31, 2014, as calculated under Section 202.5.

22 (5.2) In the case of an individual, trust, or estate,  
23 for taxable years beginning on or after January 1, 2015,  
24 and ending prior to January 1, 2025, an amount equal to  
25 3.75% of the taxpayer's net income for the taxable year.

26 (5.3) In the case of an individual, trust, or estate,

1 for taxable years beginning prior to January 1, 2025, and  
2 ending after December 31, 2024, an amount equal to the sum  
3 of (i) 3.75% of the taxpayer's net income for the period  
4 prior to January 1, 2025, as calculated under Section  
5 202.5, and (ii) 3.25% of the taxpayer's net income for the  
6 period after December 31, 2024, as calculated under Section  
7 202.5.

8 (5.4) In the case of an individual, trust, or estate,  
9 for taxable years beginning on or after January 1, 2025, an  
10 amount equal to 3.25% of the taxpayer's net income for the  
11 taxable year.

12 (6) In the case of a corporation, for taxable years  
13 ending prior to July 1, 1989, an amount equal to 4% of the  
14 taxpayer's net income for the taxable year.

15 (7) In the case of a corporation, for taxable years  
16 beginning prior to July 1, 1989 and ending after June 30,  
17 1989, an amount equal to the sum of (i) 4% of the  
18 taxpayer's net income for the period prior to July 1, 1989,  
19 as calculated under Section 202.3, and (ii) 4.8% of the  
20 taxpayer's net income for the period after June 30, 1989,  
21 as calculated under Section 202.3.

22 (8) In the case of a corporation, for taxable years  
23 beginning after June 30, 1989, and ending prior to January  
24 1, 2011, an amount equal to 4.8% of the taxpayer's net  
25 income for the taxable year.

26 (9) In the case of a corporation, for taxable years

1 beginning prior to January 1, 2011, and ending after  
2 December 31, 2010, an amount equal to the sum of (i) 4.8%  
3 of the taxpayer's net income for the period prior to  
4 January 1, 2011, as calculated under Section 202.5, and  
5 (ii) 7% of the taxpayer's net income for the period after  
6 December 31, 2010, as calculated under Section 202.5.

7 (10) In the case of a corporation, for taxable years  
8 beginning on or after January 1, 2011, and ending prior to  
9 January 1, 2015, an amount equal to 7% of the taxpayer's  
10 net income for the taxable year.

11 (11) In the case of a corporation, for taxable years  
12 beginning prior to January 1, 2015, and ending after  
13 December 31, 2014, an amount equal to the sum of (i) 7% of  
14 the taxpayer's net income for the period prior to January  
15 1, 2015, as calculated under Section 202.5, and (ii) 5.25%  
16 of the taxpayer's net income for the period after December  
17 31, 2014, as calculated under Section 202.5.

18 (12) In the case of a corporation, for taxable years  
19 beginning on or after January 1, 2015, and ending prior to  
20 January 1, 2025, an amount equal to 5.25% of the taxpayer's  
21 net income for the taxable year.

22 (13) In the case of a corporation, for taxable years  
23 beginning prior to January 1, 2025, and ending after  
24 December 31, 2024, an amount equal to the sum of (i) 5.25%  
25 of the taxpayer's net income for the period prior to  
26 January 1, 2025, as calculated under Section 202.5, and

1           (ii) 4.8% of the taxpayer's net income for the period after  
2           December 31, 2024, as calculated under Section 202.5.

3           (14) In the case of a corporation, for taxable years  
4           beginning on or after January 1, 2025, an amount equal to  
5           4.8% of the taxpayer's net income for the taxable year.

6           The rates under this subsection (b) are subject to the  
7           provisions of Section 201.5.

8           (c) Personal Property Tax Replacement Income Tax.  
9           Beginning on July 1, 1979 and thereafter, in addition to such  
10          income tax, there is also hereby imposed the Personal Property  
11          Tax Replacement Income Tax measured by net income on every  
12          corporation (including Subchapter S corporations), partnership  
13          and trust, for each taxable year ending after June 30, 1979.  
14          Such taxes are imposed on the privilege of earning or receiving  
15          income in or as a resident of this State. The Personal Property  
16          Tax Replacement Income Tax shall be in addition to the income  
17          tax imposed by subsections (a) and (b) of this Section and in  
18          addition to all other occupation or privilege taxes imposed by  
19          this State or by any municipal corporation or political  
20          subdivision thereof.

21          (d) Additional Personal Property Tax Replacement Income  
22          Tax Rates. The personal property tax replacement income tax  
23          imposed by this subsection and subsection (c) of this Section  
24          in the case of a corporation, other than a Subchapter S  
25          corporation and except as adjusted by subsection (d-1), shall  
26          be an additional amount equal to 2.85% of such taxpayer's net

1 income for the taxable year, except that beginning on January  
2 1, 1981, and thereafter, the rate of 2.85% specified in this  
3 subsection shall be reduced to 2.5%, and in the case of a  
4 partnership, trust or a Subchapter S corporation shall be an  
5 additional amount equal to 1.5% of such taxpayer's net income  
6 for the taxable year.

7 (d-1) Rate reduction for certain foreign insurers. In the  
8 case of a foreign insurer, as defined by Section 35A-5 of the  
9 Illinois Insurance Code, whose state or country of domicile  
10 imposes on insurers domiciled in Illinois a retaliatory tax  
11 (excluding any insurer whose premiums from reinsurance assumed  
12 are 50% or more of its total insurance premiums as determined  
13 under paragraph (2) of subsection (b) of Section 304, except  
14 that for purposes of this determination premiums from  
15 reinsurance do not include premiums from inter-affiliate  
16 reinsurance arrangements), beginning with taxable years ending  
17 on or after December 31, 1999, the sum of the rates of tax  
18 imposed by subsections (b) and (d) shall be reduced (but not  
19 increased) to the rate at which the total amount of tax imposed  
20 under this Act, net of all credits allowed under this Act,  
21 shall equal (i) the total amount of tax that would be imposed  
22 on the foreign insurer's net income allocable to Illinois for  
23 the taxable year by such foreign insurer's state or country of  
24 domicile if that net income were subject to all income taxes  
25 and taxes measured by net income imposed by such foreign  
26 insurer's state or country of domicile, net of all credits

1 allowed or (ii) a rate of zero if no such tax is imposed on such  
2 income by the foreign insurer's state of domicile. For the  
3 purposes of this subsection (d-1), an inter-affiliate includes  
4 a mutual insurer under common management.

5 (1) For the purposes of subsection (d-1), in no event  
6 shall the sum of the rates of tax imposed by subsections  
7 (b) and (d) be reduced below the rate at which the sum of:

8 (A) the total amount of tax imposed on such foreign  
9 insurer under this Act for a taxable year, net of all  
10 credits allowed under this Act, plus

11 (B) the privilege tax imposed by Section 409 of the  
12 Illinois Insurance Code, the fire insurance company  
13 tax imposed by Section 12 of the Fire Investigation  
14 Act, and the fire department taxes imposed under  
15 Section 11-10-1 of the Illinois Municipal Code,  
16 equals 1.25% for taxable years ending prior to December 31,  
17 2003, or 1.75% for taxable years ending on or after  
18 December 31, 2003, of the net taxable premiums written for  
19 the taxable year, as described by subsection (1) of Section  
20 409 of the Illinois Insurance Code. This paragraph will in  
21 no event increase the rates imposed under subsections (b)  
22 and (d).

23 (2) Any reduction in the rates of tax imposed by this  
24 subsection shall be applied first against the rates imposed  
25 by subsection (b) and only after the tax imposed by  
26 subsection (a) net of all credits allowed under this

1 Section other than the credit allowed under subsection (i)  
2 has been reduced to zero, against the rates imposed by  
3 subsection (d).

4 This subsection (d-1) is exempt from the provisions of  
5 Section 250.

6 (e) Investment credit. A taxpayer shall be allowed a credit  
7 against the Personal Property Tax Replacement Income Tax for  
8 investment in qualified property.

9 (1) A taxpayer shall be allowed a credit equal to .5%  
10 of the basis of qualified property placed in service during  
11 the taxable year, provided such property is placed in  
12 service on or after July 1, 1984. There shall be allowed an  
13 additional credit equal to .5% of the basis of qualified  
14 property placed in service during the taxable year,  
15 provided such property is placed in service on or after  
16 July 1, 1986, and the taxpayer's base employment within  
17 Illinois has increased by 1% or more over the preceding  
18 year as determined by the taxpayer's employment records  
19 filed with the Illinois Department of Employment Security.  
20 Taxpayers who are new to Illinois shall be deemed to have  
21 met the 1% growth in base employment for the first year in  
22 which they file employment records with the Illinois  
23 Department of Employment Security. The provisions added to  
24 this Section by Public Act 85-1200 (and restored by Public  
25 Act 87-895) shall be construed as declaratory of existing  
26 law and not as a new enactment. If, in any year, the

1 increase in base employment within Illinois over the  
2 preceding year is less than 1%, the additional credit shall  
3 be limited to that percentage times a fraction, the  
4 numerator of which is .5% and the denominator of which is  
5 1%, but shall not exceed .5%. The investment credit shall  
6 not be allowed to the extent that it would reduce a  
7 taxpayer's liability in any tax year below zero, nor may  
8 any credit for qualified property be allowed for any year  
9 other than the year in which the property was placed in  
10 service in Illinois. For tax years ending on or after  
11 December 31, 1987, and on or before December 31, 1988, the  
12 credit shall be allowed for the tax year in which the  
13 property is placed in service, or, if the amount of the  
14 credit exceeds the tax liability for that year, whether it  
15 exceeds the original liability or the liability as later  
16 amended, such excess may be carried forward and applied to  
17 the tax liability of the 5 taxable years following the  
18 excess credit years if the taxpayer (i) makes investments  
19 which cause the creation of a minimum of 2,000 full-time  
20 equivalent jobs in Illinois, (ii) is located in an  
21 enterprise zone established pursuant to the Illinois  
22 Enterprise Zone Act and (iii) is certified by the  
23 Department of Commerce and Community Affairs (now  
24 Department of Commerce and Economic Opportunity) as  
25 complying with the requirements specified in clause (i) and  
26 (ii) by July 1, 1986. The Department of Commerce and

1 Community Affairs (now Department of Commerce and Economic  
2 Opportunity) shall notify the Department of Revenue of all  
3 such certifications immediately. For tax years ending  
4 after December 31, 1988, the credit shall be allowed for  
5 the tax year in which the property is placed in service,  
6 or, if the amount of the credit exceeds the tax liability  
7 for that year, whether it exceeds the original liability or  
8 the liability as later amended, such excess may be carried  
9 forward and applied to the tax liability of the 5 taxable  
10 years following the excess credit years. The credit shall  
11 be applied to the earliest year for which there is a  
12 liability. If there is credit from more than one tax year  
13 that is available to offset a liability, earlier credit  
14 shall be applied first.

15 (2) The term "qualified property" means property  
16 which:

17 (A) is tangible, whether new or used, including  
18 buildings and structural components of buildings and  
19 signs that are real property, but not including land or  
20 improvements to real property that are not a structural  
21 component of a building such as landscaping, sewer  
22 lines, local access roads, fencing, parking lots, and  
23 other appurtenances;

24 (B) is depreciable pursuant to Section 167 of the  
25 Internal Revenue Code, except that "3-year property"  
26 as defined in Section 168(c)(2)(A) of that Code is not

1 eligible for the credit provided by this subsection  
2 (e);

3 (C) is acquired by purchase as defined in Section  
4 179(d) of the Internal Revenue Code;

5 (D) is used in Illinois by a taxpayer who is  
6 primarily engaged in manufacturing, or in mining coal  
7 or fluorite, or in retailing, or was placed in service  
8 on or after July 1, 2006 in a River Edge Redevelopment  
9 Zone established pursuant to the River Edge  
10 Redevelopment Zone Act; and

11 (E) has not previously been used in Illinois in  
12 such a manner and by such a person as would qualify for  
13 the credit provided by this subsection (e) or  
14 subsection (f).

15 (3) For purposes of this subsection (e),  
16 "manufacturing" means the material staging and production  
17 of tangible personal property by procedures commonly  
18 regarded as manufacturing, processing, fabrication, or  
19 assembling which changes some existing material into new  
20 shapes, new qualities, or new combinations. For purposes of  
21 this subsection (e) the term "mining" shall have the same  
22 meaning as the term "mining" in Section 613(c) of the  
23 Internal Revenue Code. For purposes of this subsection (e),  
24 the term "retailing" means the sale of tangible personal  
25 property for use or consumption and not for resale, or  
26 services rendered in conjunction with the sale of tangible

1 personal property for use or consumption and not for  
2 resale. For purposes of this subsection (e), "tangible  
3 personal property" has the same meaning as when that term  
4 is used in the Retailers' Occupation Tax Act, and, for  
5 taxable years ending after December 31, 2008, does not  
6 include the generation, transmission, or distribution of  
7 electricity.

8 (4) The basis of qualified property shall be the basis  
9 used to compute the depreciation deduction for federal  
10 income tax purposes.

11 (5) If the basis of the property for federal income tax  
12 depreciation purposes is increased after it has been placed  
13 in service in Illinois by the taxpayer, the amount of such  
14 increase shall be deemed property placed in service on the  
15 date of such increase in basis.

16 (6) The term "placed in service" shall have the same  
17 meaning as under Section 46 of the Internal Revenue Code.

18 (7) If during any taxable year, any property ceases to  
19 be qualified property in the hands of the taxpayer within  
20 48 months after being placed in service, or the situs of  
21 any qualified property is moved outside Illinois within 48  
22 months after being placed in service, the Personal Property  
23 Tax Replacement Income Tax for such taxable year shall be  
24 increased. Such increase shall be determined by (i)  
25 recomputing the investment credit which would have been  
26 allowed for the year in which credit for such property was

1 originally allowed by eliminating such property from such  
2 computation and, (ii) subtracting such recomputed credit  
3 from the amount of credit previously allowed. For the  
4 purposes of this paragraph (7), a reduction of the basis of  
5 qualified property resulting from a redetermination of the  
6 purchase price shall be deemed a disposition of qualified  
7 property to the extent of such reduction.

8 (8) Unless the investment credit is extended by law,  
9 the basis of qualified property shall not include costs  
10 incurred after December 31, 2013, except for costs incurred  
11 pursuant to a binding contract entered into on or before  
12 December 31, 2013.

13 (9) Each taxable year ending before December 31, 2000,  
14 a partnership may elect to pass through to its partners the  
15 credits to which the partnership is entitled under this  
16 subsection (e) for the taxable year. A partner may use the  
17 credit allocated to him or her under this paragraph only  
18 against the tax imposed in subsections (c) and (d) of this  
19 Section. If the partnership makes that election, those  
20 credits shall be allocated among the partners in the  
21 partnership in accordance with the rules set forth in  
22 Section 704(b) of the Internal Revenue Code, and the rules  
23 promulgated under that Section, and the allocated amount of  
24 the credits shall be allowed to the partners for that  
25 taxable year. The partnership shall make this election on  
26 its Personal Property Tax Replacement Income Tax return for

1 that taxable year. The election to pass through the credits  
2 shall be irrevocable.

3 For taxable years ending on or after December 31, 2000,  
4 a partner that qualifies its partnership for a subtraction  
5 under subparagraph (I) of paragraph (2) of subsection (d)  
6 of Section 203 or a shareholder that qualifies a Subchapter  
7 S corporation for a subtraction under subparagraph (S) of  
8 paragraph (2) of subsection (b) of Section 203 shall be  
9 allowed a credit under this subsection (e) equal to its  
10 share of the credit earned under this subsection (e) during  
11 the taxable year by the partnership or Subchapter S  
12 corporation, determined in accordance with the  
13 determination of income and distributive share of income  
14 under Sections 702 and 704 and Subchapter S of the Internal  
15 Revenue Code. This paragraph is exempt from the provisions  
16 of Section 250.

17 (f) Investment credit; Enterprise Zone; River Edge  
18 Redevelopment Zone.

19 (1) A taxpayer shall be allowed a credit against the  
20 tax imposed by subsections (a) and (b) of this Section for  
21 investment in qualified property which is placed in service  
22 in an Enterprise Zone created pursuant to the Illinois  
23 Enterprise Zone Act or, for property placed in service on  
24 or after July 1, 2006, a River Edge Redevelopment Zone  
25 established pursuant to the River Edge Redevelopment Zone  
26 Act. For partners, shareholders of Subchapter S

1 corporations, and owners of limited liability companies,  
2 if the liability company is treated as a partnership for  
3 purposes of federal and State income taxation, there shall  
4 be allowed a credit under this subsection (f) to be  
5 determined in accordance with the determination of income  
6 and distributive share of income under Sections 702 and 704  
7 and Subchapter S of the Internal Revenue Code. The credit  
8 shall be .5% of the basis for such property. The credit  
9 shall be available only in the taxable year in which the  
10 property is placed in service in the Enterprise Zone or  
11 River Edge Redevelopment Zone and shall not be allowed to  
12 the extent that it would reduce a taxpayer's liability for  
13 the tax imposed by subsections (a) and (b) of this Section  
14 to below zero. For tax years ending on or after December  
15 31, 1985, the credit shall be allowed for the tax year in  
16 which the property is placed in service, or, if the amount  
17 of the credit exceeds the tax liability for that year,  
18 whether it exceeds the original liability or the liability  
19 as later amended, such excess may be carried forward and  
20 applied to the tax liability of the 5 taxable years  
21 following the excess credit year. The credit shall be  
22 applied to the earliest year for which there is a  
23 liability. If there is credit from more than one tax year  
24 that is available to offset a liability, the credit  
25 accruing first in time shall be applied first.

26 (2) The term qualified property means property which:

1 (A) is tangible, whether new or used, including  
2 buildings and structural components of buildings;

3 (B) is depreciable pursuant to Section 167 of the  
4 Internal Revenue Code, except that "3-year property"  
5 as defined in Section 168(c)(2)(A) of that Code is not  
6 eligible for the credit provided by this subsection  
7 (f);

8 (C) is acquired by purchase as defined in Section  
9 179(d) of the Internal Revenue Code;

10 (D) is used in the Enterprise Zone or River Edge  
11 Redevelopment Zone by the taxpayer; and

12 (E) has not been previously used in Illinois in  
13 such a manner and by such a person as would qualify for  
14 the credit provided by this subsection (f) or  
15 subsection (e).

16 (3) The basis of qualified property shall be the basis  
17 used to compute the depreciation deduction for federal  
18 income tax purposes.

19 (4) If the basis of the property for federal income tax  
20 depreciation purposes is increased after it has been placed  
21 in service in the Enterprise Zone or River Edge  
22 Redevelopment Zone by the taxpayer, the amount of such  
23 increase shall be deemed property placed in service on the  
24 date of such increase in basis.

25 (5) The term "placed in service" shall have the same  
26 meaning as under Section 46 of the Internal Revenue Code.

1           (6) If during any taxable year, any property ceases to  
2 be qualified property in the hands of the taxpayer within  
3 48 months after being placed in service, or the situs of  
4 any qualified property is moved outside the Enterprise Zone  
5 or River Edge Redevelopment Zone within 48 months after  
6 being placed in service, the tax imposed under subsections  
7 (a) and (b) of this Section for such taxable year shall be  
8 increased. Such increase shall be determined by (i)  
9 recomputing the investment credit which would have been  
10 allowed for the year in which credit for such property was  
11 originally allowed by eliminating such property from such  
12 computation, and (ii) subtracting such recomputed credit  
13 from the amount of credit previously allowed. For the  
14 purposes of this paragraph (6), a reduction of the basis of  
15 qualified property resulting from a redetermination of the  
16 purchase price shall be deemed a disposition of qualified  
17 property to the extent of such reduction.

18           (7) There shall be allowed an additional credit equal  
19 to 0.5% of the basis of qualified property placed in  
20 service during the taxable year in a River Edge  
21 Redevelopment Zone, provided such property is placed in  
22 service on or after July 1, 2006, and the taxpayer's base  
23 employment within Illinois has increased by 1% or more over  
24 the preceding year as determined by the taxpayer's  
25 employment records filed with the Illinois Department of  
26 Employment Security. Taxpayers who are new to Illinois

1 shall be deemed to have met the 1% growth in base  
2 employment for the first year in which they file employment  
3 records with the Illinois Department of Employment  
4 Security. If, in any year, the increase in base employment  
5 within Illinois over the preceding year is less than 1%,  
6 the additional credit shall be limited to that percentage  
7 times a fraction, the numerator of which is 0.5% and the  
8 denominator of which is 1%, but shall not exceed 0.5%.

9 (g) Jobs Tax Credit; Enterprise Zone, River Edge  
10 Redevelopment Zone, and Foreign Trade Zone or Sub-Zone.

11 (1) A taxpayer conducting a trade or business in an  
12 enterprise zone or a High Impact Business designated by the  
13 Department of Commerce and Economic Opportunity or for  
14 taxable years ending on or after December 31, 2006, in a  
15 River Edge Redevelopment Zone conducting a trade or  
16 business in a federally designated Foreign Trade Zone or  
17 Sub-Zone shall be allowed a credit against the tax imposed  
18 by subsections (a) and (b) of this Section in the amount of  
19 \$500 per eligible employee hired to work in the zone during  
20 the taxable year.

21 (2) To qualify for the credit:

22 (A) the taxpayer must hire 5 or more eligible  
23 employees to work in an enterprise zone, River Edge  
24 Redevelopment Zone, or federally designated Foreign  
25 Trade Zone or Sub-Zone during the taxable year;

26 (B) the taxpayer's total employment within the

1 enterprise zone, River Edge Redevelopment Zone, or  
2 federally designated Foreign Trade Zone or Sub-Zone  
3 must increase by 5 or more full-time employees beyond  
4 the total employed in that zone at the end of the  
5 previous tax year for which a jobs tax credit under  
6 this Section was taken, or beyond the total employed by  
7 the taxpayer as of December 31, 1985, whichever is  
8 later; and

9 (C) the eligible employees must be employed 180  
10 consecutive days in order to be deemed hired for  
11 purposes of this subsection.

12 (3) An "eligible employee" means an employee who is:

13 (A) Certified by the Department of Commerce and  
14 Economic Opportunity as "eligible for services"  
15 pursuant to regulations promulgated in accordance with  
16 Title II of the Job Training Partnership Act, Training  
17 Services for the Disadvantaged or Title III of the Job  
18 Training Partnership Act, Employment and Training  
19 Assistance for Dislocated Workers Program.

20 (B) Hired after the enterprise zone, River Edge  
21 Redevelopment Zone, or federally designated Foreign  
22 Trade Zone or Sub-Zone was designated or the trade or  
23 business was located in that zone, whichever is later.

24 (C) Employed in the enterprise zone, River Edge  
25 Redevelopment Zone, or Foreign Trade Zone or Sub-Zone.  
26 An employee is employed in an enterprise zone or

1           federally designated Foreign Trade Zone or Sub-Zone if  
2           his services are rendered there or it is the base of  
3           operations for the services performed.

4           (D) A full-time employee working 30 or more hours  
5           per week.

6           (4) For tax years ending on or after December 31, 1985  
7           and prior to December 31, 1988, the credit shall be allowed  
8           for the tax year in which the eligible employees are hired.  
9           For tax years ending on or after December 31, 1988, the  
10          credit shall be allowed for the tax year immediately  
11          following the tax year in which the eligible employees are  
12          hired. If the amount of the credit exceeds the tax  
13          liability for that year, whether it exceeds the original  
14          liability or the liability as later amended, such excess  
15          may be carried forward and applied to the tax liability of  
16          the 5 taxable years following the excess credit year. The  
17          credit shall be applied to the earliest year for which  
18          there is a liability. If there is credit from more than one  
19          tax year that is available to offset a liability, earlier  
20          credit shall be applied first.

21          (5) The Department of Revenue shall promulgate such  
22          rules and regulations as may be deemed necessary to carry  
23          out the purposes of this subsection (g).

24          (6) The credit shall be available for eligible  
25          employees hired on or after January 1, 1986.

26          (h) Investment credit; High Impact Business.

1           (1) Subject to subsections (b) and (b-5) of Section 5.5  
2 of the Illinois Enterprise Zone Act, a taxpayer shall be  
3 allowed a credit against the tax imposed by subsections (a)  
4 and (b) of this Section for investment in qualified  
5 property which is placed in service by a Department of  
6 Commerce and Economic Opportunity designated High Impact  
7 Business. The credit shall be .5% of the basis for such  
8 property. The credit shall not be available (i) until the  
9 minimum investments in qualified property set forth in  
10 subdivision (a)(3)(A) of Section 5.5 of the Illinois  
11 Enterprise Zone Act have been satisfied or (ii) until the  
12 time authorized in subsection (b-5) of the Illinois  
13 Enterprise Zone Act for entities designated as High Impact  
14 Businesses under subdivisions (a)(3)(B), (a)(3)(C), and  
15 (a)(3)(D) of Section 5.5 of the Illinois Enterprise Zone  
16 Act, and shall not be allowed to the extent that it would  
17 reduce a taxpayer's liability for the tax imposed by  
18 subsections (a) and (b) of this Section to below zero. The  
19 credit applicable to such investments shall be taken in the  
20 taxable year in which such investments have been completed.  
21 The credit for additional investments beyond the minimum  
22 investment by a designated high impact business authorized  
23 under subdivision (a)(3)(A) of Section 5.5 of the Illinois  
24 Enterprise Zone Act shall be available only in the taxable  
25 year in which the property is placed in service and shall  
26 not be allowed to the extent that it would reduce a

1 taxpayer's liability for the tax imposed by subsections (a)  
2 and (b) of this Section to below zero. For tax years ending  
3 on or after December 31, 1987, the credit shall be allowed  
4 for the tax year in which the property is placed in  
5 service, or, if the amount of the credit exceeds the tax  
6 liability for that year, whether it exceeds the original  
7 liability or the liability as later amended, such excess  
8 may be carried forward and applied to the tax liability of  
9 the 5 taxable years following the excess credit year. The  
10 credit shall be applied to the earliest year for which  
11 there is a liability. If there is credit from more than one  
12 tax year that is available to offset a liability, the  
13 credit accruing first in time shall be applied first.

14 Changes made in this subdivision (h) (1) by Public Act  
15 88-670 restore changes made by Public Act 85-1182 and  
16 reflect existing law.

17 (2) The term qualified property means property which:

18 (A) is tangible, whether new or used, including  
19 buildings and structural components of buildings;

20 (B) is depreciable pursuant to Section 167 of the  
21 Internal Revenue Code, except that "3-year property"  
22 as defined in Section 168(c) (2) (A) of that Code is not  
23 eligible for the credit provided by this subsection  
24 (h);

25 (C) is acquired by purchase as defined in Section  
26 179(d) of the Internal Revenue Code; and

1           (D) is not eligible for the Enterprise Zone  
2           Investment Credit provided by subsection (f) of this  
3           Section.

4           (3) The basis of qualified property shall be the basis  
5           used to compute the depreciation deduction for federal  
6           income tax purposes.

7           (4) If the basis of the property for federal income tax  
8           depreciation purposes is increased after it has been placed  
9           in service in a federally designated Foreign Trade Zone or  
10          Sub-Zone located in Illinois by the taxpayer, the amount of  
11          such increase shall be deemed property placed in service on  
12          the date of such increase in basis.

13          (5) The term "placed in service" shall have the same  
14          meaning as under Section 46 of the Internal Revenue Code.

15          (6) If during any taxable year ending on or before  
16          December 31, 1996, any property ceases to be qualified  
17          property in the hands of the taxpayer within 48 months  
18          after being placed in service, or the situs of any  
19          qualified property is moved outside Illinois within 48  
20          months after being placed in service, the tax imposed under  
21          subsections (a) and (b) of this Section for such taxable  
22          year shall be increased. Such increase shall be determined  
23          by (i) recomputing the investment credit which would have  
24          been allowed for the year in which credit for such property  
25          was originally allowed by eliminating such property from  
26          such computation, and (ii) subtracting such recomputed

1 credit from the amount of credit previously allowed. For  
2 the purposes of this paragraph (6), a reduction of the  
3 basis of qualified property resulting from a  
4 redetermination of the purchase price shall be deemed a  
5 disposition of qualified property to the extent of such  
6 reduction.

7 (7) Beginning with tax years ending after December 31,  
8 1996, if a taxpayer qualifies for the credit under this  
9 subsection (h) and thereby is granted a tax abatement and  
10 the taxpayer relocates its entire facility in violation of  
11 the explicit terms and length of the contract under Section  
12 18-183 of the Property Tax Code, the tax imposed under  
13 subsections (a) and (b) of this Section shall be increased  
14 for the taxable year in which the taxpayer relocated its  
15 facility by an amount equal to the amount of credit  
16 received by the taxpayer under this subsection (h).

17 (i) Credit for Personal Property Tax Replacement Income  
18 Tax. For tax years ending prior to December 31, 2003, a credit  
19 shall be allowed against the tax imposed by subsections (a) and  
20 (b) of this Section for the tax imposed by subsections (c) and  
21 (d) of this Section. This credit shall be computed by  
22 multiplying the tax imposed by subsections (c) and (d) of this  
23 Section by a fraction, the numerator of which is base income  
24 allocable to Illinois and the denominator of which is Illinois  
25 base income, and further multiplying the product by the tax  
26 rate imposed by subsections (a) and (b) of this Section.

1 Any credit earned on or after December 31, 1986 under this  
2 subsection which is unused in the year the credit is computed  
3 because it exceeds the tax liability imposed by subsections (a)  
4 and (b) for that year (whether it exceeds the original  
5 liability or the liability as later amended) may be carried  
6 forward and applied to the tax liability imposed by subsections  
7 (a) and (b) of the 5 taxable years following the excess credit  
8 year, provided that no credit may be carried forward to any  
9 year ending on or after December 31, 2003. This credit shall be  
10 applied first to the earliest year for which there is a  
11 liability. If there is a credit under this subsection from more  
12 than one tax year that is available to offset a liability the  
13 earliest credit arising under this subsection shall be applied  
14 first.

15 If, during any taxable year ending on or after December 31,  
16 1986, the tax imposed by subsections (c) and (d) of this  
17 Section for which a taxpayer has claimed a credit under this  
18 subsection (i) is reduced, the amount of credit for such tax  
19 shall also be reduced. Such reduction shall be determined by  
20 recomputing the credit to take into account the reduced tax  
21 imposed by subsections (c) and (d). If any portion of the  
22 reduced amount of credit has been carried to a different  
23 taxable year, an amended return shall be filed for such taxable  
24 year to reduce the amount of credit claimed.

25 (j) Training expense credit. Beginning with tax years  
26 ending on or after December 31, 1986 and prior to December 31,

1 2003, a taxpayer shall be allowed a credit against the tax  
2 imposed by subsections (a) and (b) under this Section for all  
3 amounts paid or accrued, on behalf of all persons employed by  
4 the taxpayer in Illinois or Illinois residents employed outside  
5 of Illinois by a taxpayer, for educational or vocational  
6 training in semi-technical or technical fields or semi-skilled  
7 or skilled fields, which were deducted from gross income in the  
8 computation of taxable income. The credit against the tax  
9 imposed by subsections (a) and (b) shall be 1.6% of such  
10 training expenses. For partners, shareholders of subchapter S  
11 corporations, and owners of limited liability companies, if the  
12 liability company is treated as a partnership for purposes of  
13 federal and State income taxation, there shall be allowed a  
14 credit under this subsection (j) to be determined in accordance  
15 with the determination of income and distributive share of  
16 income under Sections 702 and 704 and subchapter S of the  
17 Internal Revenue Code.

18 Any credit allowed under this subsection which is unused in  
19 the year the credit is earned may be carried forward to each of  
20 the 5 taxable years following the year for which the credit is  
21 first computed until it is used. This credit shall be applied  
22 first to the earliest year for which there is a liability. If  
23 there is a credit under this subsection from more than one tax  
24 year that is available to offset a liability the earliest  
25 credit arising under this subsection shall be applied first. No  
26 carryforward credit may be claimed in any tax year ending on or

1 after December 31, 2003.

2 (k) Research and development credit.

3 For tax years ending after July 1, 1990 and prior to  
4 December 31, 2003, and beginning again for tax years ending on  
5 or after December 31, 2004, and ending prior to January 1, 2016  
6 ~~January 1, 2011~~, a taxpayer shall be allowed a credit against  
7 the tax imposed by subsections (a) and (b) of this Section for  
8 increasing research activities in this State. The credit  
9 allowed against the tax imposed by subsections (a) and (b)  
10 shall be equal to 6 1/2% of the qualifying expenditures for  
11 increasing research activities in this State. For partners,  
12 shareholders of subchapter S corporations, and owners of  
13 limited liability companies, if the liability company is  
14 treated as a partnership for purposes of federal and State  
15 income taxation, there shall be allowed a credit under this  
16 subsection to be determined in accordance with the  
17 determination of income and distributive share of income under  
18 Sections 702 and 704 and subchapter S of the Internal Revenue  
19 Code.

20 For purposes of this subsection, "qualifying expenditures"  
21 means the qualifying expenditures as defined for the federal  
22 credit for increasing research activities which would be  
23 allowable under Section 41 of the Internal Revenue Code and  
24 which are conducted in this State, "qualifying expenditures for  
25 increasing research activities in this State" means the excess  
26 of qualifying expenditures for the taxable year in which

1 incurred over qualifying expenditures for the base period,  
2 "qualifying expenditures for the base period" means the average  
3 of the qualifying expenditures for each year in the base  
4 period, and "base period" means the 3 taxable years immediately  
5 preceding the taxable year for which the determination is being  
6 made.

7 Any credit in excess of the tax liability for the taxable  
8 year may be carried forward. A taxpayer may elect to have the  
9 unused credit shown on its final completed return carried over  
10 as a credit against the tax liability for the following 5  
11 taxable years or until it has been fully used, whichever occurs  
12 first; provided that no credit earned in a tax year ending  
13 prior to December 31, 2003 may be carried forward to any year  
14 ending on or after December 31, 2003, ~~and no credit may be~~  
15 ~~carried forward to any taxable year ending on or after January~~  
16 ~~1, 2011.~~

17 If an unused credit is carried forward to a given year from  
18 2 or more earlier years, that credit arising in the earliest  
19 year will be applied first against the tax liability for the  
20 given year. If a tax liability for the given year still  
21 remains, the credit from the next earliest year will then be  
22 applied, and so on, until all credits have been used or no tax  
23 liability for the given year remains. Any remaining unused  
24 credit or credits then will be carried forward to the next  
25 following year in which a tax liability is incurred, except  
26 that no credit can be carried forward to a year which is more

1 than 5 years after the year in which the expense for which the  
2 credit is given was incurred.

3 No inference shall be drawn from this amendatory Act of the  
4 91st General Assembly in construing this Section for taxable  
5 years beginning before January 1, 1999.

6 (1) Environmental Remediation Tax Credit.

7 (i) For tax years ending after December 31, 1997 and on  
8 or before December 31, 2001, a taxpayer shall be allowed a  
9 credit against the tax imposed by subsections (a) and (b)  
10 of this Section for certain amounts paid for unreimbursed  
11 eligible remediation costs, as specified in this  
12 subsection. For purposes of this Section, "unreimbursed  
13 eligible remediation costs" means costs approved by the  
14 Illinois Environmental Protection Agency ("Agency") under  
15 Section 58.14 of the Environmental Protection Act that were  
16 paid in performing environmental remediation at a site for  
17 which a No Further Remediation Letter was issued by the  
18 Agency and recorded under Section 58.10 of the  
19 Environmental Protection Act. The credit must be claimed  
20 for the taxable year in which Agency approval of the  
21 eligible remediation costs is granted. The credit is not  
22 available to any taxpayer if the taxpayer or any related  
23 party caused or contributed to, in any material respect, a  
24 release of regulated substances on, in, or under the site  
25 that was identified and addressed by the remedial action  
26 pursuant to the Site Remediation Program of the

1 Environmental Protection Act. After the Pollution Control  
2 Board rules are adopted pursuant to the Illinois  
3 Administrative Procedure Act for the administration and  
4 enforcement of Section 58.9 of the Environmental  
5 Protection Act, determinations as to credit availability  
6 for purposes of this Section shall be made consistent with  
7 those rules. For purposes of this Section, "taxpayer"  
8 includes a person whose tax attributes the taxpayer has  
9 succeeded to under Section 381 of the Internal Revenue Code  
10 and "related party" includes the persons disallowed a  
11 deduction for losses by paragraphs (b), (c), and (f)(1) of  
12 Section 267 of the Internal Revenue Code by virtue of being  
13 a related taxpayer, as well as any of its partners. The  
14 credit allowed against the tax imposed by subsections (a)  
15 and (b) shall be equal to 25% of the unreimbursed eligible  
16 remediation costs in excess of \$100,000 per site, except  
17 that the \$100,000 threshold shall not apply to any site  
18 contained in an enterprise zone as determined by the  
19 Department of Commerce and Community Affairs (now  
20 Department of Commerce and Economic Opportunity). The  
21 total credit allowed shall not exceed \$40,000 per year with  
22 a maximum total of \$150,000 per site. For partners and  
23 shareholders of subchapter S corporations, there shall be  
24 allowed a credit under this subsection to be determined in  
25 accordance with the determination of income and  
26 distributive share of income under Sections 702 and 704 and

1 subchapter S of the Internal Revenue Code.

2 (ii) A credit allowed under this subsection that is  
3 unused in the year the credit is earned may be carried  
4 forward to each of the 5 taxable years following the year  
5 for which the credit is first earned until it is used. The  
6 term "unused credit" does not include any amounts of  
7 unreimbursed eligible remediation costs in excess of the  
8 maximum credit per site authorized under paragraph (i).  
9 This credit shall be applied first to the earliest year for  
10 which there is a liability. If there is a credit under this  
11 subsection from more than one tax year that is available to  
12 offset a liability, the earliest credit arising under this  
13 subsection shall be applied first. A credit allowed under  
14 this subsection may be sold to a buyer as part of a sale of  
15 all or part of the remediation site for which the credit  
16 was granted. The purchaser of a remediation site and the  
17 tax credit shall succeed to the unused credit and remaining  
18 carry-forward period of the seller. To perfect the  
19 transfer, the assignor shall record the transfer in the  
20 chain of title for the site and provide written notice to  
21 the Director of the Illinois Department of Revenue of the  
22 assignor's intent to sell the remediation site and the  
23 amount of the tax credit to be transferred as a portion of  
24 the sale. In no event may a credit be transferred to any  
25 taxpayer if the taxpayer or a related party would not be  
26 eligible under the provisions of subsection (i).

1           (iii) For purposes of this Section, the term "site"  
2 shall have the same meaning as under Section 58.2 of the  
3 Environmental Protection Act.

4           (m) Education expense credit. Beginning with tax years  
5 ending after December 31, 1999, a taxpayer who is the custodian  
6 of one or more qualifying pupils shall be allowed a credit  
7 against the tax imposed by subsections (a) and (b) of this  
8 Section for qualified education expenses incurred on behalf of  
9 the qualifying pupils. The credit shall be equal to 25% of  
10 qualified education expenses, but in no event may the total  
11 credit under this subsection claimed by a family that is the  
12 custodian of qualifying pupils exceed \$500. In no event shall a  
13 credit under this subsection reduce the taxpayer's liability  
14 under this Act to less than zero. This subsection is exempt  
15 from the provisions of Section 250 of this Act.

16           For purposes of this subsection:

17           "Qualifying pupils" means individuals who (i) are  
18 residents of the State of Illinois, (ii) are under the age of  
19 21 at the close of the school year for which a credit is  
20 sought, and (iii) during the school year for which a credit is  
21 sought were full-time pupils enrolled in a kindergarten through  
22 twelfth grade education program at any school, as defined in  
23 this subsection.

24           "Qualified education expense" means the amount incurred on  
25 behalf of a qualifying pupil in excess of \$250 for tuition,  
26 book fees, and lab fees at the school in which the pupil is

1 enrolled during the regular school year.

2 "School" means any public or nonpublic elementary or  
3 secondary school in Illinois that is in compliance with Title  
4 VI of the Civil Rights Act of 1964 and attendance at which  
5 satisfies the requirements of Section 26-1 of the School Code,  
6 except that nothing shall be construed to require a child to  
7 attend any particular public or nonpublic school to qualify for  
8 the credit under this Section.

9 "Custodian" means, with respect to qualifying pupils, an  
10 Illinois resident who is a parent, the parents, a legal  
11 guardian, or the legal guardians of the qualifying pupils.

12 (n) River Edge Redevelopment Zone site remediation tax  
13 credit.

14 (i) For tax years ending on or after December 31, 2006,  
15 a taxpayer shall be allowed a credit against the tax  
16 imposed by subsections (a) and (b) of this Section for  
17 certain amounts paid for unreimbursed eligible remediation  
18 costs, as specified in this subsection. For purposes of  
19 this Section, "unreimbursed eligible remediation costs"  
20 means costs approved by the Illinois Environmental  
21 Protection Agency ("Agency") under Section 58.14a of the  
22 Environmental Protection Act that were paid in performing  
23 environmental remediation at a site within a River Edge  
24 Redevelopment Zone for which a No Further Remediation  
25 Letter was issued by the Agency and recorded under Section  
26 58.10 of the Environmental Protection Act. The credit must

1 be claimed for the taxable year in which Agency approval of  
2 the eligible remediation costs is granted. The credit is  
3 not available to any taxpayer if the taxpayer or any  
4 related party caused or contributed to, in any material  
5 respect, a release of regulated substances on, in, or under  
6 the site that was identified and addressed by the remedial  
7 action pursuant to the Site Remediation Program of the  
8 Environmental Protection Act. Determinations as to credit  
9 availability for purposes of this Section shall be made  
10 consistent with rules adopted by the Pollution Control  
11 Board pursuant to the Illinois Administrative Procedure  
12 Act for the administration and enforcement of Section 58.9  
13 of the Environmental Protection Act. For purposes of this  
14 Section, "taxpayer" includes a person whose tax attributes  
15 the taxpayer has succeeded to under Section 381 of the  
16 Internal Revenue Code and "related party" includes the  
17 persons disallowed a deduction for losses by paragraphs  
18 (b), (c), and (f) (1) of Section 267 of the Internal Revenue  
19 Code by virtue of being a related taxpayer, as well as any  
20 of its partners. The credit allowed against the tax imposed  
21 by subsections (a) and (b) shall be equal to 25% of the  
22 unreimbursed eligible remediation costs in excess of  
23 \$100,000 per site.

24 (ii) A credit allowed under this subsection that is  
25 unused in the year the credit is earned may be carried  
26 forward to each of the 5 taxable years following the year

1 for which the credit is first earned until it is used. This  
2 credit shall be applied first to the earliest year for  
3 which there is a liability. If there is a credit under this  
4 subsection from more than one tax year that is available to  
5 offset a liability, the earliest credit arising under this  
6 subsection shall be applied first. A credit allowed under  
7 this subsection may be sold to a buyer as part of a sale of  
8 all or part of the remediation site for which the credit  
9 was granted. The purchaser of a remediation site and the  
10 tax credit shall succeed to the unused credit and remaining  
11 carry-forward period of the seller. To perfect the  
12 transfer, the assignor shall record the transfer in the  
13 chain of title for the site and provide written notice to  
14 the Director of the Illinois Department of Revenue of the  
15 assignor's intent to sell the remediation site and the  
16 amount of the tax credit to be transferred as a portion of  
17 the sale. In no event may a credit be transferred to any  
18 taxpayer if the taxpayer or a related party would not be  
19 eligible under the provisions of subsection (i).

20 (iii) For purposes of this Section, the term "site"  
21 shall have the same meaning as under Section 58.2 of the  
22 Environmental Protection Act.

23 (Source: P.A. 96-115, eff. 7-31-09; 96-116, eff. 7-31-09;  
24 96-937, eff. 6-23-10; 96-1000, eff. 7-2-10; 96-1496, eff.  
25 1-13-11; 97-2, eff. 5-6-11.)

1 (35 ILCS 5/203) (from Ch. 120, par. 2-203)

2 Sec. 203. Base income defined.

3 (a) Individuals.

4 (1) In general. In the case of an individual, base  
5 income means an amount equal to the taxpayer's adjusted  
6 gross income for the taxable year as modified by paragraph  
7 (2).

8 (2) Modifications. The adjusted gross income referred  
9 to in paragraph (1) shall be modified by adding thereto the  
10 sum of the following amounts:

11 (A) An amount equal to all amounts paid or accrued  
12 to the taxpayer as interest or dividends during the  
13 taxable year to the extent excluded from gross income  
14 in the computation of adjusted gross income, except  
15 stock dividends of qualified public utilities  
16 described in Section 305(e) of the Internal Revenue  
17 Code;

18 (B) An amount equal to the amount of tax imposed by  
19 this Act to the extent deducted from gross income in  
20 the computation of adjusted gross income for the  
21 taxable year;

22 (C) An amount equal to the amount received during  
23 the taxable year as a recovery or refund of real  
24 property taxes paid with respect to the taxpayer's  
25 principal residence under the Revenue Act of 1939 and  
26 for which a deduction was previously taken under

1           subparagraph (L) of this paragraph (2) prior to July 1,  
2           1991, the retrospective application date of Article 4  
3           of Public Act 87-17. In the case of multi-unit or  
4           multi-use structures and farm dwellings, the taxes on  
5           the taxpayer's principal residence shall be that  
6           portion of the total taxes for the entire property  
7           which is attributable to such principal residence;

8           (D) An amount equal to the amount of the capital  
9           gain deduction allowable under the Internal Revenue  
10          Code, to the extent deducted from gross income in the  
11          computation of adjusted gross income;

12          (D-5) An amount, to the extent not included in  
13          adjusted gross income, equal to the amount of money  
14          withdrawn by the taxpayer in the taxable year from a  
15          medical care savings account and the interest earned on  
16          the account in the taxable year of a withdrawal  
17          pursuant to subsection (b) of Section 20 of the Medical  
18          Care Savings Account Act or subsection (b) of Section  
19          20 of the Medical Care Savings Account Act of 2000;

20          (D-10) For taxable years ending after December 31,  
21          1997, an amount equal to any eligible remediation costs  
22          that the individual deducted in computing adjusted  
23          gross income and for which the individual claims a  
24          credit under subsection (l) of Section 201;

25          (D-15) For taxable years 2001 and thereafter, an  
26          amount equal to the bonus depreciation deduction taken

1 on the taxpayer's federal income tax return for the  
2 taxable year under subsection (k) of Section 168 of the  
3 Internal Revenue Code;

4 (D-16) If the taxpayer sells, transfers, abandons,  
5 or otherwise disposes of property for which the  
6 taxpayer was required in any taxable year to make an  
7 addition modification under subparagraph (D-15), then  
8 an amount equal to the aggregate amount of the  
9 deductions taken in all taxable years under  
10 subparagraph (Z) with respect to that property.

11 If the taxpayer continues to own property through  
12 the last day of the last tax year for which a  
13 subtraction is allowed with respect to that property  
14 under subparagraph (Z), ~~the taxpayer may claim a~~  
15 ~~depreciation deduction for federal income tax purposes~~  
16 and for which the taxpayer was allowed in any taxable  
17 year to make a subtraction modification under  
18 subparagraph (Z), then an amount equal to that  
19 subtraction modification.

20 The taxpayer is required to make the addition  
21 modification under this subparagraph only once with  
22 respect to any one piece of property;

23 (D-17) An amount equal to the amount otherwise  
24 allowed as a deduction in computing base income for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, (i) for taxable years ending on or after

1 December 31, 2004, to a foreign person who would be a  
2 member of the same unitary business group but for the  
3 fact that foreign person's business activity outside  
4 the United States is 80% or more of the foreign  
5 person's total business activity and (ii) for taxable  
6 years ending on or after December 31, 2008, to a person  
7 who would be a member of the same unitary business  
8 group but for the fact that the person is prohibited  
9 under Section 1501(a)(27) from being included in the  
10 unitary business group because he or she is ordinarily  
11 required to apportion business income under different  
12 subsections of Section 304. The addition modification  
13 required by this subparagraph shall be reduced to the  
14 extent that dividends were included in base income of  
15 the unitary group for the same taxable year and  
16 received by the taxpayer or by a member of the  
17 taxpayer's unitary business group (including amounts  
18 included in gross income under Sections 951 through 964  
19 of the Internal Revenue Code and amounts included in  
20 gross income under Section 78 of the Internal Revenue  
21 Code) with respect to the stock of the same person to  
22 whom the interest was paid, accrued, or incurred.

23 This paragraph shall not apply to the following:

24 (i) an item of interest paid, accrued, or  
25 incurred, directly or indirectly, to a person who  
26 is subject in a foreign country or state, other

1 than a state which requires mandatory unitary  
2 reporting, to a tax on or measured by net income  
3 with respect to such interest; or

4 (ii) an item of interest paid, accrued, or  
5 incurred, directly or indirectly, to a person if  
6 the taxpayer can establish, based on a  
7 preponderance of the evidence, both of the  
8 following:

9 (a) the person, during the same taxable  
10 year, paid, accrued, or incurred, the interest  
11 to a person that is not a related member, and

12 (b) the transaction giving rise to the  
13 interest expense between the taxpayer and the  
14 person did not have as a principal purpose the  
15 avoidance of Illinois income tax, and is paid  
16 pursuant to a contract or agreement that  
17 reflects an arm's-length interest rate and  
18 terms; or

19 (iii) the taxpayer can establish, based on  
20 clear and convincing evidence, that the interest  
21 paid, accrued, or incurred relates to a contract or  
22 agreement entered into at arm's-length rates and  
23 terms and the principal purpose for the payment is  
24 not federal or Illinois tax avoidance; or

25 (iv) an item of interest paid, accrued, or  
26 incurred, directly or indirectly, to a person if

1           the taxpayer establishes by clear and convincing  
2           evidence that the adjustments are unreasonable; or  
3           if the taxpayer and the Director agree in writing  
4           to the application or use of an alternative method  
5           of apportionment under Section 304(f).

6           Nothing in this subsection shall preclude the  
7           Director from making any other adjustment  
8           otherwise allowed under Section 404 of this Act for  
9           any tax year beginning after the effective date of  
10          this amendment provided such adjustment is made  
11          pursuant to regulation adopted by the Department  
12          and such regulations provide methods and standards  
13          by which the Department will utilize its authority  
14          under Section 404 of this Act;

15          (D-18) An amount equal to the amount of intangible  
16          expenses and costs otherwise allowed as a deduction in  
17          computing base income, and that were paid, accrued, or  
18          incurred, directly or indirectly, (i) for taxable  
19          years ending on or after December 31, 2004, to a  
20          foreign person who would be a member of the same  
21          unitary business group but for the fact that the  
22          foreign person's business activity outside the United  
23          States is 80% or more of that person's total business  
24          activity and (ii) for taxable years ending on or after  
25          December 31, 2008, to a person who would be a member of  
26          the same unitary business group but for the fact that

1 the person is prohibited under Section 1501(a)(27)  
2 from being included in the unitary business group  
3 because he or she is ordinarily required to apportion  
4 business income under different subsections of Section  
5 304. The addition modification required by this  
6 subparagraph shall be reduced to the extent that  
7 dividends were included in base income of the unitary  
8 group for the same taxable year and received by the  
9 taxpayer or by a member of the taxpayer's unitary  
10 business group (including amounts included in gross  
11 income under Sections 951 through 964 of the Internal  
12 Revenue Code and amounts included in gross income under  
13 Section 78 of the Internal Revenue Code) with respect  
14 to the stock of the same person to whom the intangible  
15 expenses and costs were directly or indirectly paid,  
16 incurred, or accrued. The preceding sentence does not  
17 apply to the extent that the same dividends caused a  
18 reduction to the addition modification required under  
19 Section 203(a)(2)(D-17) of this Act. As used in this  
20 subparagraph, the term "intangible expenses and costs"  
21 includes (1) expenses, losses, and costs for, or  
22 related to, the direct or indirect acquisition, use,  
23 maintenance or management, ownership, sale, exchange,  
24 or any other disposition of intangible property; (2)  
25 losses incurred, directly or indirectly, from  
26 factoring transactions or discounting transactions;

1 (3) royalty, patent, technical, and copyright fees;  
2 (4) licensing fees; and (5) other similar expenses and  
3 costs. For purposes of this subparagraph, "intangible  
4 property" includes patents, patent applications, trade  
5 names, trademarks, service marks, copyrights, mask  
6 works, trade secrets, and similar types of intangible  
7 assets.

8 This paragraph shall not apply to the following:

9 (i) any item of intangible expenses or costs  
10 paid, accrued, or incurred, directly or  
11 indirectly, from a transaction with a person who is  
12 subject in a foreign country or state, other than a  
13 state which requires mandatory unitary reporting,  
14 to a tax on or measured by net income with respect  
15 to such item; or

16 (ii) any item of intangible expense or cost  
17 paid, accrued, or incurred, directly or  
18 indirectly, if the taxpayer can establish, based  
19 on a preponderance of the evidence, both of the  
20 following:

21 (a) the person during the same taxable  
22 year paid, accrued, or incurred, the  
23 intangible expense or cost to a person that is  
24 not a related member, and

25 (b) the transaction giving rise to the  
26 intangible expense or cost between the

1 taxpayer and the person did not have as a  
2 principal purpose the avoidance of Illinois  
3 income tax, and is paid pursuant to a contract  
4 or agreement that reflects arm's-length terms;  
5 or

6 (iii) any item of intangible expense or cost  
7 paid, accrued, or incurred, directly or  
8 indirectly, from a transaction with a person if the  
9 taxpayer establishes by clear and convincing  
10 evidence, that the adjustments are unreasonable;  
11 or if the taxpayer and the Director agree in  
12 writing to the application or use of an alternative  
13 method of apportionment under Section 304(f);

14 Nothing in this subsection shall preclude the  
15 Director from making any other adjustment  
16 otherwise allowed under Section 404 of this Act for  
17 any tax year beginning after the effective date of  
18 this amendment provided such adjustment is made  
19 pursuant to regulation adopted by the Department  
20 and such regulations provide methods and standards  
21 by which the Department will utilize its authority  
22 under Section 404 of this Act;

23 (D-19) For taxable years ending on or after  
24 December 31, 2008, an amount equal to the amount of  
25 insurance premium expenses and costs otherwise allowed  
26 as a deduction in computing base income, and that were

1           paid, accrued, or incurred, directly or indirectly, to  
2           a person who would be a member of the same unitary  
3           business group but for the fact that the person is  
4           prohibited under Section 1501(a)(27) from being  
5           included in the unitary business group because he or  
6           she is ordinarily required to apportion business  
7           income under different subsections of Section 304. The  
8           addition modification required by this subparagraph  
9           shall be reduced to the extent that dividends were  
10          included in base income of the unitary group for the  
11          same taxable year and received by the taxpayer or by a  
12          member of the taxpayer's unitary business group  
13          (including amounts included in gross income under  
14          Sections 951 through 964 of the Internal Revenue Code  
15          and amounts included in gross income under Section 78  
16          of the Internal Revenue Code) with respect to the stock  
17          of the same person to whom the premiums and costs were  
18          directly or indirectly paid, incurred, or accrued. The  
19          preceding sentence does not apply to the extent that  
20          the same dividends caused a reduction to the addition  
21          modification required under Section 203(a)(2)(D-17) or  
22          Section 203(a)(2)(D-18) of this Act.

23                 (D-20) For taxable years beginning on or after  
24                 January 1, 2002 and ending on or before December 31,  
25                 2006, in the case of a distribution from a qualified  
26                 tuition program under Section 529 of the Internal

1 Revenue Code, other than (i) a distribution from a  
2 College Savings Pool created under Section 16.5 of the  
3 State Treasurer Act or (ii) a distribution from the  
4 Illinois Prepaid Tuition Trust Fund, an amount equal to  
5 the amount excluded from gross income under Section  
6 529(c)(3)(B). For taxable years beginning on or after  
7 January 1, 2007, in the case of a distribution from a  
8 qualified tuition program under Section 529 of the  
9 Internal Revenue Code, other than (i) a distribution  
10 from a College Savings Pool created under Section 16.5  
11 of the State Treasurer Act, (ii) a distribution from  
12 the Illinois Prepaid Tuition Trust Fund, or (iii) a  
13 distribution from a qualified tuition program under  
14 Section 529 of the Internal Revenue Code that (I)  
15 adopts and determines that its offering materials  
16 comply with the College Savings Plans Network's  
17 disclosure principles and (II) has made reasonable  
18 efforts to inform in-state residents of the existence  
19 of in-state qualified tuition programs by informing  
20 Illinois residents directly and, where applicable, to  
21 inform financial intermediaries distributing the  
22 program to inform in-state residents of the existence  
23 of in-state qualified tuition programs at least  
24 annually, an amount equal to the amount excluded from  
25 gross income under Section 529(c)(3)(B).

26 For the purposes of this subparagraph (D-20), a

1 qualified tuition program has made reasonable efforts  
2 if it makes disclosures (which may use the term  
3 "in-state program" or "in-state plan" and need not  
4 specifically refer to Illinois or its qualified  
5 programs by name) (i) directly to prospective  
6 participants in its offering materials or makes a  
7 public disclosure, such as a website posting; and (ii)  
8 where applicable, to intermediaries selling the  
9 out-of-state program in the same manner that the  
10 out-of-state program distributes its offering  
11 materials;

12 (D-21) For taxable years beginning on or after  
13 January 1, 2007, in the case of transfer of moneys from  
14 a qualified tuition program under Section 529 of the  
15 Internal Revenue Code that is administered by the State  
16 to an out-of-state program, an amount equal to the  
17 amount of moneys previously deducted from base income  
18 under subsection (a) (2) (Y) of this Section;

19 (D-22) For taxable years beginning on or after  
20 January 1, 2009, in the case of a nonqualified  
21 withdrawal or refund of moneys from a qualified tuition  
22 program under Section 529 of the Internal Revenue Code  
23 administered by the State that is not used for  
24 qualified expenses at an eligible education  
25 institution, an amount equal to the contribution  
26 component of the nonqualified withdrawal or refund

1           that was previously deducted from base income under  
2           subsection (a)(2)(y) of this Section, provided that  
3           the withdrawal or refund did not result from the  
4           beneficiary's death or disability;

5           (D-23) An amount equal to the credit allowable to  
6           the taxpayer under Section 218(a) of this Act,  
7           determined without regard to Section 218(c) of this  
8           Act;

9           and by deducting from the total so obtained the sum of the  
10          following amounts:

11          (E) For taxable years ending before December 31,  
12          2001, any amount included in such total in respect of  
13          any compensation (including but not limited to any  
14          compensation paid or accrued to a serviceman while a  
15          prisoner of war or missing in action) paid to a  
16          resident by reason of being on active duty in the Armed  
17          Forces of the United States and in respect of any  
18          compensation paid or accrued to a resident who as a  
19          governmental employee was a prisoner of war or missing  
20          in action, and in respect of any compensation paid to a  
21          resident in 1971 or thereafter for annual training  
22          performed pursuant to Sections 502 and 503, Title 32,  
23          United States Code as a member of the Illinois National  
24          Guard or, beginning with taxable years ending on or  
25          after December 31, 2007, the National Guard of any  
26          other state. For taxable years ending on or after

1 December 31, 2001, any amount included in such total in  
2 respect of any compensation (including but not limited  
3 to any compensation paid or accrued to a serviceman  
4 while a prisoner of war or missing in action) paid to a  
5 resident by reason of being a member of any component  
6 of the Armed Forces of the United States and in respect  
7 of any compensation paid or accrued to a resident who  
8 as a governmental employee was a prisoner of war or  
9 missing in action, and in respect of any compensation  
10 paid to a resident in 2001 or thereafter by reason of  
11 being a member of the Illinois National Guard or,  
12 beginning with taxable years ending on or after  
13 December 31, 2007, the National Guard of any other  
14 state. The provisions of this subparagraph (E) are  
15 exempt from the provisions of Section 250;

16 (F) An amount equal to all amounts included in such  
17 total pursuant to the provisions of Sections 402(a),  
18 402(c), 403(a), 403(b), 406(a), 407(a), and 408 of the  
19 Internal Revenue Code, or included in such total as  
20 distributions under the provisions of any retirement  
21 or disability plan for employees of any governmental  
22 agency or unit, or retirement payments to retired  
23 partners, which payments are excluded in computing net  
24 earnings from self employment by Section 1402 of the  
25 Internal Revenue Code and regulations adopted pursuant  
26 thereto;

1 (G) The valuation limitation amount;

2 (H) An amount equal to the amount of any tax  
3 imposed by this Act which was refunded to the taxpayer  
4 and included in such total for the taxable year;

5 (I) An amount equal to all amounts included in such  
6 total pursuant to the provisions of Section 111 of the  
7 Internal Revenue Code as a recovery of items previously  
8 deducted from adjusted gross income in the computation  
9 of taxable income;

10 (J) An amount equal to those dividends included in  
11 such total which were paid by a corporation which  
12 conducts business operations in an Enterprise Zone or  
13 zones created under the Illinois Enterprise Zone Act or  
14 a River Edge Redevelopment Zone or zones created under  
15 the River Edge Redevelopment Zone Act, and conducts  
16 substantially all of its operations in an Enterprise  
17 Zone or zones or a River Edge Redevelopment Zone or  
18 zones. This subparagraph (J) is exempt from the  
19 provisions of Section 250;

20 (K) An amount equal to those dividends included in  
21 such total that were paid by a corporation that  
22 conducts business operations in a federally designated  
23 Foreign Trade Zone or Sub-Zone and that is designated a  
24 High Impact Business located in Illinois; provided  
25 that dividends eligible for the deduction provided in  
26 subparagraph (J) of paragraph (2) of this subsection

1 shall not be eligible for the deduction provided under  
2 this subparagraph (K);

3 (L) For taxable years ending after December 31,  
4 1983, an amount equal to all social security benefits  
5 and railroad retirement benefits included in such  
6 total pursuant to Sections 72(r) and 86 of the Internal  
7 Revenue Code;

8 (M) With the exception of any amounts subtracted  
9 under subparagraph (N), an amount equal to the sum of  
10 all amounts disallowed as deductions by (i) Sections  
11 171(a) (2), and 265(2) of the Internal Revenue Code,  
12 and all amounts of expenses allocable to interest and  
13 disallowed as deductions by Section 265(1) of the  
14 Internal Revenue Code; and (ii) for taxable years  
15 ending on or after August 13, 1999, Sections 171(a) (2),  
16 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue  
17 Code, plus, for taxable years ending on or after  
18 December 31, 2011, Section 45G(e) (3) of the Internal  
19 Revenue Code and, for taxable years ending on or after  
20 December 31, 2008, any amount included in gross income  
21 under Section 87 of the Internal Revenue Code; the  
22 provisions of this subparagraph are exempt from the  
23 provisions of Section 250;

24 (N) An amount equal to all amounts included in such  
25 total which are exempt from taxation by this State  
26 either by reason of its statutes or Constitution or by

1           reason of the Constitution, treaties or statutes of the  
2           United States; provided that, in the case of any  
3           statute of this State that exempts income derived from  
4           bonds or other obligations from the tax imposed under  
5           this Act, the amount exempted shall be the interest net  
6           of bond premium amortization;

7           (O) An amount equal to any contribution made to a  
8           job training project established pursuant to the Tax  
9           Increment Allocation Redevelopment Act;

10          (P) An amount equal to the amount of the deduction  
11          used to compute the federal income tax credit for  
12          restoration of substantial amounts held under claim of  
13          right for the taxable year pursuant to Section 1341 of  
14          the Internal Revenue Code or of any itemized deduction  
15          taken from adjusted gross income in the computation of  
16          taxable income for restoration of substantial amounts  
17          held under claim of right for the taxable year;

18          (Q) An amount equal to any amounts included in such  
19          total, received by the taxpayer as an acceleration in  
20          the payment of life, endowment or annuity benefits in  
21          advance of the time they would otherwise be payable as  
22          an indemnity for a terminal illness;

23          (R) An amount equal to the amount of any federal or  
24          State bonus paid to veterans of the Persian Gulf War;

25          (S) An amount, to the extent included in adjusted  
26          gross income, equal to the amount of a contribution

1           made in the taxable year on behalf of the taxpayer to a  
2           medical care savings account established under the  
3           Medical Care Savings Account Act or the Medical Care  
4           Savings Account Act of 2000 to the extent the  
5           contribution is accepted by the account administrator  
6           as provided in that Act;

7           (T) An amount, to the extent included in adjusted  
8           gross income, equal to the amount of interest earned in  
9           the taxable year on a medical care savings account  
10          established under the Medical Care Savings Account Act  
11          or the Medical Care Savings Account Act of 2000 on  
12          behalf of the taxpayer, other than interest added  
13          pursuant to item (D-5) of this paragraph (2);

14          (U) For one taxable year beginning on or after  
15          January 1, 1994, an amount equal to the total amount of  
16          tax imposed and paid under subsections (a) and (b) of  
17          Section 201 of this Act on grant amounts received by  
18          the taxpayer under the Nursing Home Grant Assistance  
19          Act during the taxpayer's taxable years 1992 and 1993;

20          (V) Beginning with tax years ending on or after  
21          December 31, 1995 and ending with tax years ending on  
22          or before December 31, 2004, an amount equal to the  
23          amount paid by a taxpayer who is a self-employed  
24          taxpayer, a partner of a partnership, or a shareholder  
25          in a Subchapter S corporation for health insurance or  
26          long-term care insurance for that taxpayer or that

1 taxpayer's spouse or dependents, to the extent that the  
2 amount paid for that health insurance or long-term care  
3 insurance may be deducted under Section 213 of the  
4 Internal Revenue Code, has not been deducted on the  
5 federal income tax return of the taxpayer, and does not  
6 exceed the taxable income attributable to that  
7 taxpayer's income, self-employment income, or  
8 Subchapter S corporation income; except that no  
9 deduction shall be allowed under this item (V) if the  
10 taxpayer is eligible to participate in any health  
11 insurance or long-term care insurance plan of an  
12 employer of the taxpayer or the taxpayer's spouse. The  
13 amount of the health insurance and long-term care  
14 insurance subtracted under this item (V) shall be  
15 determined by multiplying total health insurance and  
16 long-term care insurance premiums paid by the taxpayer  
17 times a number that represents the fractional  
18 percentage of eligible medical expenses under Section  
19 213 of the Internal Revenue Code of 1986 not actually  
20 deducted on the taxpayer's federal income tax return;

21 (W) For taxable years beginning on or after January  
22 1, 1998, all amounts included in the taxpayer's federal  
23 gross income in the taxable year from amounts converted  
24 from a regular IRA to a Roth IRA. This paragraph is  
25 exempt from the provisions of Section 250;

26 (X) For taxable year 1999 and thereafter, an amount

1 equal to the amount of any (i) distributions, to the  
2 extent includible in gross income for federal income  
3 tax purposes, made to the taxpayer because of his or  
4 her status as a victim of persecution for racial or  
5 religious reasons by Nazi Germany or any other Axis  
6 regime or as an heir of the victim and (ii) items of  
7 income, to the extent includible in gross income for  
8 federal income tax purposes, attributable to, derived  
9 from or in any way related to assets stolen from,  
10 hidden from, or otherwise lost to a victim of  
11 persecution for racial or religious reasons by Nazi  
12 Germany or any other Axis regime immediately prior to,  
13 during, and immediately after World War II, including,  
14 but not limited to, interest on the proceeds receivable  
15 as insurance under policies issued to a victim of  
16 persecution for racial or religious reasons by Nazi  
17 Germany or any other Axis regime by European insurance  
18 companies immediately prior to and during World War II;  
19 provided, however, this subtraction from federal  
20 adjusted gross income does not apply to assets acquired  
21 with such assets or with the proceeds from the sale of  
22 such assets; provided, further, this paragraph shall  
23 only apply to a taxpayer who was the first recipient of  
24 such assets after their recovery and who is a victim of  
25 persecution for racial or religious reasons by Nazi  
26 Germany or any other Axis regime or as an heir of the

1           victim. The amount of and the eligibility for any  
2           public assistance, benefit, or similar entitlement is  
3           not affected by the inclusion of items (i) and (ii) of  
4           this paragraph in gross income for federal income tax  
5           purposes. This paragraph is exempt from the provisions  
6           of Section 250;

7           (Y) For taxable years beginning on or after January  
8           1, 2002 and ending on or before December 31, 2004,  
9           moneys contributed in the taxable year to a College  
10          Savings Pool account under Section 16.5 of the State  
11          Treasurer Act, except that amounts excluded from gross  
12          income under Section 529(c)(3)(C)(i) of the Internal  
13          Revenue Code shall not be considered moneys  
14          contributed under this subparagraph (Y). For taxable  
15          years beginning on or after January 1, 2005, a maximum  
16          of \$10,000 contributed in the taxable year to (i) a  
17          College Savings Pool account under Section 16.5 of the  
18          State Treasurer Act or (ii) the Illinois Prepaid  
19          Tuition Trust Fund, except that amounts excluded from  
20          gross income under Section 529(c)(3)(C)(i) of the  
21          Internal Revenue Code shall not be considered moneys  
22          contributed under this subparagraph (Y). For purposes  
23          of this subparagraph, contributions made by an  
24          employer on behalf of an employee, or matching  
25          contributions made by an employee, shall be treated as  
26          made by the employee. This subparagraph (Y) is exempt

1 from the provisions of Section 250;

2 (Z) For taxable years 2001 and thereafter, for the  
3 taxable year in which the bonus depreciation deduction  
4 is taken on the taxpayer's federal income tax return  
5 under subsection (k) of Section 168 of the Internal  
6 Revenue Code and for each applicable taxable year  
7 thereafter, an amount equal to "x", where:

8 (1) "y" equals the amount of the depreciation  
9 deduction taken for the taxable year on the  
10 taxpayer's federal income tax return on property  
11 for which the bonus depreciation deduction was  
12 taken in any year under subsection (k) of Section  
13 168 of the Internal Revenue Code, but not including  
14 the bonus depreciation deduction;

15 (2) for taxable years ending on or before  
16 December 31, 2005, "x" equals "y" multiplied by 30  
17 and then divided by 70 (or "y" multiplied by  
18 0.429); and

19 (3) for taxable years ending after December  
20 31, 2005:

21 (i) for property on which a bonus  
22 depreciation deduction of 30% of the adjusted  
23 basis was taken, "x" equals "y" multiplied by  
24 30 and then divided by 70 (or "y" multiplied by  
25 0.429); ~~and~~

26 (ii) for property on which a bonus

1 depreciation deduction of 50% of the adjusted  
2 basis was taken, "x" equals "y" multiplied by  
3 1.0; and -

4 (iii) for property on which a bonus  
5 depreciation deduction of 100% of the adjusted  
6 basis was taken in a taxable year ending on or  
7 after December 31, 2011, "x" equals the  
8 depreciation deduction that would be allowed  
9 on that property if the taxpayer had made the  
10 election under Section 168(k)(2)(D)(iii) of  
11 the Internal Revenue Code to not claim bonus  
12 depreciation on that property.

13 The aggregate amount deducted under this  
14 subparagraph in all taxable years for any one piece of  
15 property may not exceed the amount of the bonus  
16 depreciation deduction taken on that property on the  
17 taxpayer's federal income tax return under subsection  
18 (k) of Section 168 of the Internal Revenue Code. This  
19 subparagraph (Z) is exempt from the provisions of  
20 Section 250;

21 (AA) If the taxpayer sells, transfers, abandons,  
22 or otherwise disposes of property for which the  
23 taxpayer was required in any taxable year to make an  
24 addition modification under subparagraph (D-15), then  
25 an amount equal to that addition modification.

26 If the taxpayer continues to own property through

1           the last day of the last tax year for which a  
2           subtraction is allowed with respect to that property  
3           under subparagraph (Z), ~~the taxpayer may claim a~~  
4           ~~depreciation deduction for federal income tax purposes~~  
5           and for which the taxpayer was required in any taxable  
6           year to make an addition modification under  
7           subparagraph (D-15), then an amount equal to that  
8           addition modification.

9           The taxpayer is allowed to take the deduction under  
10          this subparagraph only once with respect to any one  
11          piece of property.

12          This subparagraph (AA) is exempt from the  
13          provisions of Section 250;

14          (BB) Any amount included in adjusted gross income,  
15          other than salary, received by a driver in a  
16          ridesharing arrangement using a motor vehicle;

17          (CC) The amount of (i) any interest income (net of  
18          the deductions allocable thereto) taken into account  
19          for the taxable year with respect to a transaction with  
20          a taxpayer that is required to make an addition  
21          modification with respect to such transaction under  
22          Section           203(a)(2)(D-17),           203(b)(2)(E-12),  
23          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
24          the amount of that addition modification, and (ii) any  
25          income from intangible property (net of the deductions  
26          allocable thereto) taken into account for the taxable

1 year with respect to a transaction with a taxpayer that  
2 is required to make an addition modification with  
3 respect to such transaction under Section  
4 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
5 203(d)(2)(D-8), but not to exceed the amount of that  
6 addition modification. This subparagraph (CC) is  
7 exempt from the provisions of Section 250;

8 (DD) An amount equal to the interest income taken  
9 into account for the taxable year (net of the  
10 deductions allocable thereto) with respect to  
11 transactions with (i) a foreign person who would be a  
12 member of the taxpayer's unitary business group but for  
13 the fact that the foreign person's business activity  
14 outside the United States is 80% or more of that  
15 person's total business activity and (ii) for taxable  
16 years ending on or after December 31, 2008, to a person  
17 who would be a member of the same unitary business  
18 group but for the fact that the person is prohibited  
19 under Section 1501(a)(27) from being included in the  
20 unitary business group because he or she is ordinarily  
21 required to apportion business income under different  
22 subsections of Section 304, but not to exceed the  
23 addition modification required to be made for the same  
24 taxable year under Section 203(a)(2)(D-17) for  
25 interest paid, accrued, or incurred, directly or  
26 indirectly, to the same person. This subparagraph (DD)

1 is exempt from the provisions of Section 250;

2 (EE) An amount equal to the income from intangible  
3 property taken into account for the taxable year (net  
4 of the deductions allocable thereto) with respect to  
5 transactions with (i) a foreign person who would be a  
6 member of the taxpayer's unitary business group but for  
7 the fact that the foreign person's business activity  
8 outside the United States is 80% or more of that  
9 person's total business activity and (ii) for taxable  
10 years ending on or after December 31, 2008, to a person  
11 who would be a member of the same unitary business  
12 group but for the fact that the person is prohibited  
13 under Section 1501(a)(27) from being included in the  
14 unitary business group because he or she is ordinarily  
15 required to apportion business income under different  
16 subsections of Section 304, but not to exceed the  
17 addition modification required to be made for the same  
18 taxable year under Section 203(a)(2)(D-18) for  
19 intangible expenses and costs paid, accrued, or  
20 incurred, directly or indirectly, to the same foreign  
21 person. This subparagraph (EE) is exempt from the  
22 provisions of Section 250;

23 (FF) An amount equal to any amount awarded to the  
24 taxpayer during the taxable year by the Court of Claims  
25 under subsection (c) of Section 8 of the Court of  
26 Claims Act for time unjustly served in a State prison.

1           This subparagraph (FF) is exempt from the provisions of  
2           Section 250; and

3           (GG) For taxable years ending on or after December  
4           31, 2011, in the case of a taxpayer who was required to  
5           add back any insurance premiums under Section  
6           203(a)(2)(D-19), such taxpayer may elect to subtract  
7           that part of a reimbursement received from the  
8           insurance company equal to the amount of the expense or  
9           loss (including expenses incurred by the insurance  
10          company) that would have been taken into account as a  
11          deduction for federal income tax purposes if the  
12          expense or loss had been uninsured. If a taxpayer makes  
13          the election provided for by this subparagraph (GG),  
14          the insurer to which the premiums were paid must add  
15          back to income the amount subtracted by the taxpayer  
16          pursuant to this subparagraph (GG). This subparagraph  
17          (GG) is exempt from the provisions of Section 250.

18          (b) Corporations.

19           (1) In general. In the case of a corporation, base  
20          income means an amount equal to the taxpayer's taxable  
21          income for the taxable year as modified by paragraph (2).

22           (2) Modifications. The taxable income referred to in  
23          paragraph (1) shall be modified by adding thereto the sum  
24          of the following amounts:

25           (A) An amount equal to all amounts paid or accrued

1 to the taxpayer as interest and all distributions  
2 received from regulated investment companies during  
3 the taxable year to the extent excluded from gross  
4 income in the computation of taxable income;

5 (B) An amount equal to the amount of tax imposed by  
6 this Act to the extent deducted from gross income in  
7 the computation of taxable income for the taxable year;

8 (C) In the case of a regulated investment company,  
9 an amount equal to the excess of (i) the net long-term  
10 capital gain for the taxable year, over (ii) the amount  
11 of the capital gain dividends designated as such in  
12 accordance with Section 852(b)(3)(C) of the Internal  
13 Revenue Code and any amount designated under Section  
14 852(b)(3)(D) of the Internal Revenue Code,  
15 attributable to the taxable year (this amendatory Act  
16 of 1995 (Public Act 89-89) is declarative of existing  
17 law and is not a new enactment);

18 (D) The amount of any net operating loss deduction  
19 taken in arriving at taxable income, other than a net  
20 operating loss carried forward from a taxable year  
21 ending prior to December 31, 1986;

22 (E) For taxable years in which a net operating loss  
23 carryback or carryforward from a taxable year ending  
24 prior to December 31, 1986 is an element of taxable  
25 income under paragraph (1) of subsection (e) or  
26 subparagraph (E) of paragraph (2) of subsection (e),

1           the amount by which addition modifications other than  
2           those provided by this subparagraph (E) exceeded  
3           subtraction modifications in such earlier taxable  
4           year, with the following limitations applied in the  
5           order that they are listed:

6                   (i) the addition modification relating to the  
7                   net operating loss carried back or forward to the  
8                   taxable year from any taxable year ending prior to  
9                   December 31, 1986 shall be reduced by the amount of  
10                  addition modification under this subparagraph (E)  
11                  which related to that net operating loss and which  
12                  was taken into account in calculating the base  
13                  income of an earlier taxable year, and

14                   (ii) the addition modification relating to the  
15                   net operating loss carried back or forward to the  
16                   taxable year from any taxable year ending prior to  
17                   December 31, 1986 shall not exceed the amount of  
18                   such carryback or carryforward;

19           For taxable years in which there is a net operating  
20           loss carryback or carryforward from more than one other  
21           taxable year ending prior to December 31, 1986, the  
22           addition modification provided in this subparagraph  
23           (E) shall be the sum of the amounts computed  
24           independently under the preceding provisions of this  
25           subparagraph (E) for each such taxable year;

26                   (E-5) For taxable years ending after December 31,

1 1997, an amount equal to any eligible remediation costs  
2 that the corporation deducted in computing adjusted  
3 gross income and for which the corporation claims a  
4 credit under subsection (l) of Section 201;

5 (E-10) For taxable years 2001 and thereafter, an  
6 amount equal to the bonus depreciation deduction taken  
7 on the taxpayer's federal income tax return for the  
8 taxable year under subsection (k) of Section 168 of the  
9 Internal Revenue Code;

10 (E-11) If the taxpayer sells, transfers, abandons,  
11 or otherwise disposes of property for which the  
12 taxpayer was required in any taxable year to make an  
13 addition modification under subparagraph (E-10), then  
14 an amount equal to the aggregate amount of the  
15 deductions taken in all taxable years under  
16 subparagraph (T) with respect to that property.

17 If the taxpayer continues to own property through  
18 the last day of the last tax year for which a  
19 subtraction is allowed with respect to that property  
20 under subparagraph (T), ~~the taxpayer may claim a~~  
21 ~~depreciation deduction for federal income tax purposes~~  
22 and for which the taxpayer was allowed in any taxable  
23 year to make a subtraction modification under  
24 subparagraph (T), then an amount equal to that  
25 subtraction modification.

26 The taxpayer is required to make the addition

1 modification under this subparagraph only once with  
2 respect to any one piece of property;

3 (E-12) An amount equal to the amount otherwise  
4 allowed as a deduction in computing base income for  
5 interest paid, accrued, or incurred, directly or  
6 indirectly, (i) for taxable years ending on or after  
7 December 31, 2004, to a foreign person who would be a  
8 member of the same unitary business group but for the  
9 fact the foreign person's business activity outside  
10 the United States is 80% or more of the foreign  
11 person's total business activity and (ii) for taxable  
12 years ending on or after December 31, 2008, to a person  
13 who would be a member of the same unitary business  
14 group but for the fact that the person is prohibited  
15 under Section 1501(a)(27) from being included in the  
16 unitary business group because he or she is ordinarily  
17 required to apportion business income under different  
18 subsections of Section 304. The addition modification  
19 required by this subparagraph shall be reduced to the  
20 extent that dividends were included in base income of  
21 the unitary group for the same taxable year and  
22 received by the taxpayer or by a member of the  
23 taxpayer's unitary business group (including amounts  
24 included in gross income pursuant to Sections 951  
25 through 964 of the Internal Revenue Code and amounts  
26 included in gross income under Section 78 of the

1 Internal Revenue Code) with respect to the stock of the  
2 same person to whom the interest was paid, accrued, or  
3 incurred.

4 This paragraph shall not apply to the following:

5 (i) an item of interest paid, accrued, or  
6 incurred, directly or indirectly, to a person who  
7 is subject in a foreign country or state, other  
8 than a state which requires mandatory unitary  
9 reporting, to a tax on or measured by net income  
10 with respect to such interest; or

11 (ii) an item of interest paid, accrued, or  
12 incurred, directly or indirectly, to a person if  
13 the taxpayer can establish, based on a  
14 preponderance of the evidence, both of the  
15 following:

16 (a) the person, during the same taxable  
17 year, paid, accrued, or incurred, the interest  
18 to a person that is not a related member, and

19 (b) the transaction giving rise to the  
20 interest expense between the taxpayer and the  
21 person did not have as a principal purpose the  
22 avoidance of Illinois income tax, and is paid  
23 pursuant to a contract or agreement that  
24 reflects an arm's-length interest rate and  
25 terms; or

26 (iii) the taxpayer can establish, based on

1 clear and convincing evidence, that the interest  
2 paid, accrued, or incurred relates to a contract or  
3 agreement entered into at arm's-length rates and  
4 terms and the principal purpose for the payment is  
5 not federal or Illinois tax avoidance; or

6 (iv) an item of interest paid, accrued, or  
7 incurred, directly or indirectly, to a person if  
8 the taxpayer establishes by clear and convincing  
9 evidence that the adjustments are unreasonable; or  
10 if the taxpayer and the Director agree in writing  
11 to the application or use of an alternative method  
12 of apportionment under Section 304(f).

13 Nothing in this subsection shall preclude the  
14 Director from making any other adjustment  
15 otherwise allowed under Section 404 of this Act for  
16 any tax year beginning after the effective date of  
17 this amendment provided such adjustment is made  
18 pursuant to regulation adopted by the Department  
19 and such regulations provide methods and standards  
20 by which the Department will utilize its authority  
21 under Section 404 of this Act;

22 (E-13) An amount equal to the amount of intangible  
23 expenses and costs otherwise allowed as a deduction in  
24 computing base income, and that were paid, accrued, or  
25 incurred, directly or indirectly, (i) for taxable  
26 years ending on or after December 31, 2004, to a

1 foreign person who would be a member of the same  
2 unitary business group but for the fact that the  
3 foreign person's business activity outside the United  
4 States is 80% or more of that person's total business  
5 activity and (ii) for taxable years ending on or after  
6 December 31, 2008, to a person who would be a member of  
7 the same unitary business group but for the fact that  
8 the person is prohibited under Section 1501(a)(27)  
9 from being included in the unitary business group  
10 because he or she is ordinarily required to apportion  
11 business income under different subsections of Section  
12 304. The addition modification required by this  
13 subparagraph shall be reduced to the extent that  
14 dividends were included in base income of the unitary  
15 group for the same taxable year and received by the  
16 taxpayer or by a member of the taxpayer's unitary  
17 business group (including amounts included in gross  
18 income pursuant to Sections 951 through 964 of the  
19 Internal Revenue Code and amounts included in gross  
20 income under Section 78 of the Internal Revenue Code)  
21 with respect to the stock of the same person to whom  
22 the intangible expenses and costs were directly or  
23 indirectly paid, incurred, or accrued. The preceding  
24 sentence shall not apply to the extent that the same  
25 dividends caused a reduction to the addition  
26 modification required under Section 203(b)(2)(E-12) of

1           this Act. As used in this subparagraph, the term  
2           "intangible expenses and costs" includes (1) expenses,  
3           losses, and costs for, or related to, the direct or  
4           indirect acquisition, use, maintenance or management,  
5           ownership, sale, exchange, or any other disposition of  
6           intangible property; (2) losses incurred, directly or  
7           indirectly, from factoring transactions or discounting  
8           transactions; (3) royalty, patent, technical, and  
9           copyright fees; (4) licensing fees; and (5) other  
10          similar expenses and costs. For purposes of this  
11          subparagraph, "intangible property" includes patents,  
12          patent applications, trade names, trademarks, service  
13          marks, copyrights, mask works, trade secrets, and  
14          similar types of intangible assets.

15                 This paragraph shall not apply to the following:

16                         (i) any item of intangible expenses or costs  
17                         paid, accrued, or incurred, directly or  
18                         indirectly, from a transaction with a person who is  
19                         subject in a foreign country or state, other than a  
20                         state which requires mandatory unitary reporting,  
21                         to a tax on or measured by net income with respect  
22                         to such item; or

23                         (ii) any item of intangible expense or cost  
24                         paid, accrued, or incurred, directly or  
25                         indirectly, if the taxpayer can establish, based  
26                         on a preponderance of the evidence, both of the

1 following:

2 (a) the person during the same taxable  
3 year paid, accrued, or incurred, the  
4 intangible expense or cost to a person that is  
5 not a related member, and

6 (b) the transaction giving rise to the  
7 intangible expense or cost between the  
8 taxpayer and the person did not have as a  
9 principal purpose the avoidance of Illinois  
10 income tax, and is paid pursuant to a contract  
11 or agreement that reflects arm's-length terms;  
12 or

13 (iii) any item of intangible expense or cost  
14 paid, accrued, or incurred, directly or  
15 indirectly, from a transaction with a person if the  
16 taxpayer establishes by clear and convincing  
17 evidence, that the adjustments are unreasonable;  
18 or if the taxpayer and the Director agree in  
19 writing to the application or use of an alternative  
20 method of apportionment under Section 304(f);

21 Nothing in this subsection shall preclude the  
22 Director from making any other adjustment  
23 otherwise allowed under Section 404 of this Act for  
24 any tax year beginning after the effective date of  
25 this amendment provided such adjustment is made  
26 pursuant to regulation adopted by the Department

1           and such regulations provide methods and standards  
2           by which the Department will utilize its authority  
3           under Section 404 of this Act;

4           (E-14) For taxable years ending on or after  
5           December 31, 2008, an amount equal to the amount of  
6           insurance premium expenses and costs otherwise allowed  
7           as a deduction in computing base income, and that were  
8           paid, accrued, or incurred, directly or indirectly, to  
9           a person who would be a member of the same unitary  
10          business group but for the fact that the person is  
11          prohibited under Section 1501(a)(27) from being  
12          included in the unitary business group because he or  
13          she is ordinarily required to apportion business  
14          income under different subsections of Section 304. The  
15          addition modification required by this subparagraph  
16          shall be reduced to the extent that dividends were  
17          included in base income of the unitary group for the  
18          same taxable year and received by the taxpayer or by a  
19          member of the taxpayer's unitary business group  
20          (including amounts included in gross income under  
21          Sections 951 through 964 of the Internal Revenue Code  
22          and amounts included in gross income under Section 78  
23          of the Internal Revenue Code) with respect to the stock  
24          of the same person to whom the premiums and costs were  
25          directly or indirectly paid, incurred, or accrued. The  
26          preceding sentence does not apply to the extent that

1 the same dividends caused a reduction to the addition  
2 modification required under Section 203(b) (2) (E-12) or  
3 Section 203(b) (2) (E-13) of this Act;

4 (E-15) For taxable years beginning after December  
5 31, 2008, any deduction for dividends paid by a captive  
6 real estate investment trust that is allowed to a real  
7 estate investment trust under Section 857(b) (2) (B) of  
8 the Internal Revenue Code for dividends paid;

9 (E-16) An amount equal to the credit allowable to  
10 the taxpayer under Section 218(a) of this Act,  
11 determined without regard to Section 218(c) of this  
12 Act;

13 and by deducting from the total so obtained the sum of the  
14 following amounts:

15 (F) An amount equal to the amount of any tax  
16 imposed by this Act which was refunded to the taxpayer  
17 and included in such total for the taxable year;

18 (G) An amount equal to any amount included in such  
19 total under Section 78 of the Internal Revenue Code;

20 (H) In the case of a regulated investment company,  
21 an amount equal to the amount of exempt interest  
22 dividends as defined in subsection (b) (5) of Section  
23 852 of the Internal Revenue Code, paid to shareholders  
24 for the taxable year;

25 (I) With the exception of any amounts subtracted  
26 under subparagraph (J), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections  
2 171(a) (2), and 265(a)(2) and amounts disallowed as  
3 interest expense by Section 291(a)(3) of the Internal  
4 Revenue Code, and all amounts of expenses allocable to  
5 interest and disallowed as deductions by Section  
6 265(a)(1) of the Internal Revenue Code; and (ii) for  
7 taxable years ending on or after August 13, 1999,  
8 Sections 171(a)(2), 265, 280C, 291(a)(3), and  
9 832(b)(5)(B)(i) of the Internal Revenue Code, plus,  
10 for tax years ending on or after December 31, 2011,  
11 amounts disallowed as deductions by Section 45G(e)(3)  
12 of the Internal Revenue Code and, for taxable years  
13 ending on or after December 31, 2008, any amount  
14 included in gross income under Section 87 of the  
15 Internal Revenue Code and the policyholders' share of  
16 tax-exempt interest of a life insurance company under  
17 Section 807(a)(2)(B) of the Internal Revenue Code (in  
18 the case of a life insurance company with gross income  
19 from a decrease in reserves for the tax year) or  
20 Section 807(b)(1)(B) of the Internal Revenue Code (in  
21 the case of a life insurance company allowed a  
22 deduction for an increase in reserves for the tax  
23 year); the provisions of this subparagraph are exempt  
24 from the provisions of Section 250;

25 (J) An amount equal to all amounts included in such  
26 total which are exempt from taxation by this State

1           either by reason of its statutes or Constitution or by  
2           reason of the Constitution, treaties or statutes of the  
3           United States; provided that, in the case of any  
4           statute of this State that exempts income derived from  
5           bonds or other obligations from the tax imposed under  
6           this Act, the amount exempted shall be the interest net  
7           of bond premium amortization;

8           (K) An amount equal to those dividends included in  
9           such total which were paid by a corporation which  
10          conducts business operations in an Enterprise Zone or  
11          zones created under the Illinois Enterprise Zone Act or  
12          a River Edge Redevelopment Zone or zones created under  
13          the River Edge Redevelopment Zone Act and conducts  
14          substantially all of its operations in an Enterprise  
15          Zone or zones or a River Edge Redevelopment Zone or  
16          zones. This subparagraph (K) is exempt from the  
17          provisions of Section 250;

18          (L) An amount equal to those dividends included in  
19          such total that were paid by a corporation that  
20          conducts business operations in a federally designated  
21          Foreign Trade Zone or Sub-Zone and that is designated a  
22          High Impact Business located in Illinois; provided  
23          that dividends eligible for the deduction provided in  
24          subparagraph (K) of paragraph 2 of this subsection  
25          shall not be eligible for the deduction provided under  
26          this subparagraph (L);

1           (M) For any taxpayer that is a financial  
2 organization within the meaning of Section 304(c) of  
3 this Act, an amount included in such total as interest  
4 income from a loan or loans made by such taxpayer to a  
5 borrower, to the extent that such a loan is secured by  
6 property which is eligible for the Enterprise Zone  
7 Investment Credit or the River Edge Redevelopment Zone  
8 Investment Credit. To determine the portion of a loan  
9 or loans that is secured by property eligible for a  
10 Section 201(f) investment credit to the borrower, the  
11 entire principal amount of the loan or loans between  
12 the taxpayer and the borrower should be divided into  
13 the basis of the Section 201(f) investment credit  
14 property which secures the loan or loans, using for  
15 this purpose the original basis of such property on the  
16 date that it was placed in service in the Enterprise  
17 Zone or the River Edge Redevelopment Zone. The  
18 subtraction modification available to taxpayer in any  
19 year under this subsection shall be that portion of the  
20 total interest paid by the borrower with respect to  
21 such loan attributable to the eligible property as  
22 calculated under the previous sentence. This  
23 subparagraph (M) is exempt from the provisions of  
24 Section 250;

25           (M-1) For any taxpayer that is a financial  
26 organization within the meaning of Section 304(c) of

1           this Act, an amount included in such total as interest  
2           income from a loan or loans made by such taxpayer to a  
3           borrower, to the extent that such a loan is secured by  
4           property which is eligible for the High Impact Business  
5           Investment Credit. To determine the portion of a loan  
6           or loans that is secured by property eligible for a  
7           Section 201(h) investment credit to the borrower, the  
8           entire principal amount of the loan or loans between  
9           the taxpayer and the borrower should be divided into  
10          the basis of the Section 201(h) investment credit  
11          property which secures the loan or loans, using for  
12          this purpose the original basis of such property on the  
13          date that it was placed in service in a federally  
14          designated Foreign Trade Zone or Sub-Zone located in  
15          Illinois. No taxpayer that is eligible for the  
16          deduction provided in subparagraph (M) of paragraph  
17          (2) of this subsection shall be eligible for the  
18          deduction provided under this subparagraph (M-1). The  
19          subtraction modification available to taxpayers in any  
20          year under this subsection shall be that portion of the  
21          total interest paid by the borrower with respect to  
22          such loan attributable to the eligible property as  
23          calculated under the previous sentence;

24                 (N) Two times any contribution made during the  
25                 taxable year to a designated zone organization to the  
26                 extent that the contribution (i) qualifies as a

1 charitable contribution under subsection (c) of  
2 Section 170 of the Internal Revenue Code and (ii) must,  
3 by its terms, be used for a project approved by the  
4 Department of Commerce and Economic Opportunity under  
5 Section 11 of the Illinois Enterprise Zone Act or under  
6 Section 10-10 of the River Edge Redevelopment Zone Act.  
7 This subparagraph (N) is exempt from the provisions of  
8 Section 250;

9 (O) An amount equal to: (i) 85% for taxable years  
10 ending on or before December 31, 1992, or, a percentage  
11 equal to the percentage allowable under Section  
12 243(a)(1) of the Internal Revenue Code of 1986 for  
13 taxable years ending after December 31, 1992, of the  
14 amount by which dividends included in taxable income  
15 and received from a corporation that is not created or  
16 organized under the laws of the United States or any  
17 state or political subdivision thereof, including, for  
18 taxable years ending on or after December 31, 1988,  
19 dividends received or deemed received or paid or deemed  
20 paid under Sections 951 through 965 of the Internal  
21 Revenue Code, exceed the amount of the modification  
22 provided under subparagraph (G) of paragraph (2) of  
23 this subsection (b) which is related to such dividends,  
24 and including, for taxable years ending on or after  
25 December 31, 2008, dividends received from a captive  
26 real estate investment trust; plus (ii) 100% of the

1 amount by which dividends, included in taxable income  
2 and received, including, for taxable years ending on or  
3 after December 31, 1988, dividends received or deemed  
4 received or paid or deemed paid under Sections 951  
5 through 964 of the Internal Revenue Code and including,  
6 for taxable years ending on or after December 31, 2008,  
7 dividends received from a captive real estate  
8 investment trust, from any such corporation specified  
9 in clause (i) that would but for the provisions of  
10 Section 1504 (b) (3) of the Internal Revenue Code be  
11 treated as a member of the affiliated group which  
12 includes the dividend recipient, exceed the amount of  
13 the modification provided under subparagraph (G) of  
14 paragraph (2) of this subsection (b) which is related  
15 to such dividends. This subparagraph (O) is exempt from  
16 the provisions of Section 250 of this Act;

17 (P) An amount equal to any contribution made to a  
18 job training project established pursuant to the Tax  
19 Increment Allocation Redevelopment Act;

20 (Q) An amount equal to the amount of the deduction  
21 used to compute the federal income tax credit for  
22 restoration of substantial amounts held under claim of  
23 right for the taxable year pursuant to Section 1341 of  
24 the Internal Revenue Code;

25 (R) On and after July 20, 1999, in the case of an  
26 attorney-in-fact with respect to whom an interinsurer

1 or a reciprocal insurer has made the election under  
2 Section 835 of the Internal Revenue Code, 26 U.S.C.  
3 835, an amount equal to the excess, if any, of the  
4 amounts paid or incurred by that interinsurer or  
5 reciprocal insurer in the taxable year to the  
6 attorney-in-fact over the deduction allowed to that  
7 interinsurer or reciprocal insurer with respect to the  
8 attorney-in-fact under Section 835(b) of the Internal  
9 Revenue Code for the taxable year; the provisions of  
10 this subparagraph are exempt from the provisions of  
11 Section 250;

12 (S) For taxable years ending on or after December  
13 31, 1997, in the case of a Subchapter S corporation, an  
14 amount equal to all amounts of income allocable to a  
15 shareholder subject to the Personal Property Tax  
16 Replacement Income Tax imposed by subsections (c) and  
17 (d) of Section 201 of this Act, including amounts  
18 allocable to organizations exempt from federal income  
19 tax by reason of Section 501(a) of the Internal Revenue  
20 Code. This subparagraph (S) is exempt from the  
21 provisions of Section 250;

22 (T) For taxable years 2001 and thereafter, for the  
23 taxable year in which the bonus depreciation deduction  
24 is taken on the taxpayer's federal income tax return  
25 under subsection (k) of Section 168 of the Internal  
26 Revenue Code and for each applicable taxable year

1           thereafter, an amount equal to "x", where:

2                   (1) "y" equals the amount of the depreciation  
3                   deduction taken for the taxable year on the  
4                   taxpayer's federal income tax return on property  
5                   for which the bonus depreciation deduction was  
6                   taken in any year under subsection (k) of Section  
7                   168 of the Internal Revenue Code, but not including  
8                   the bonus depreciation deduction;

9                   (2) for taxable years ending on or before  
10                   December 31, 2005, "x" equals "y" multiplied by 30  
11                   and then divided by 70 (or "y" multiplied by  
12                   0.429); and

13                   (3) for taxable years ending after December  
14                   31, 2005:

15                           (i) for property on which a bonus  
16                           depreciation deduction of 30% of the adjusted  
17                           basis was taken, "x" equals "y" multiplied by  
18                           30 and then divided by 70 (or "y" multiplied by  
19                           0.429); ~~and~~

20                           (ii) for property on which a bonus  
21                           depreciation deduction of 50% of the adjusted  
22                           basis was taken, "x" equals "y" multiplied by  
23                           1.0; and ~~and~~

24                           (iii) for property on which a bonus  
25                           depreciation deduction of 100% of the adjusted  
26                           basis was taken in a taxable year ending on or

1           after December 31, 2011, "x" equals the  
2           depreciation deduction that would be allowed  
3           on that property if the taxpayer had made the  
4           election under Section 168(k)(2)(D)(iii) of  
5           the Internal Revenue Code to not claim bonus  
6           depreciation on that property.

7           The aggregate amount deducted under this  
8           subparagraph in all taxable years for any one piece of  
9           property may not exceed the amount of the bonus  
10          depreciation deduction taken on that property on the  
11          taxpayer's federal income tax return under subsection  
12          (k) of Section 168 of the Internal Revenue Code. This  
13          subparagraph (T) is exempt from the provisions of  
14          Section 250;

15          (U) If the taxpayer sells, transfers, abandons, or  
16          otherwise disposes of property for which the taxpayer  
17          was required in any taxable year to make an addition  
18          modification under subparagraph (E-10), then an amount  
19          equal to that addition modification.

20          If the taxpayer continues to own property through  
21          the last day of the last tax year for which a  
22          subtraction is allowed with respect to that property  
23          under subparagraph (T), the taxpayer may claim a  
24          ~~depreciation deduction for federal income tax purposes~~  
25          and for which the taxpayer was required in any taxable  
26          year to make an addition modification under

1           subparagraph (E-10), then an amount equal to that  
2           addition modification.

3           The taxpayer is allowed to take the deduction under  
4           this subparagraph only once with respect to any one  
5           piece of property.

6           This subparagraph (U) is exempt from the  
7           provisions of Section 250;

8           (V) The amount of: (i) any interest income (net of  
9           the deductions allocable thereto) taken into account  
10          for the taxable year with respect to a transaction with  
11          a taxpayer that is required to make an addition  
12          modification with respect to such transaction under  
13          Section        203(a)(2)(D-17),        203(b)(2)(E-12),  
14          203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
15          the amount of such addition modification, (ii) any  
16          income from intangible property (net of the deductions  
17          allocable thereto) taken into account for the taxable  
18          year with respect to a transaction with a taxpayer that  
19          is required to make an addition modification with  
20          respect    to    such    transaction    under    Section  
21          203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
22          203(d)(2)(D-8), but not to exceed the amount of such  
23          addition modification, and (iii) any insurance premium  
24          income (net of deductions allocable thereto) taken  
25          into account for the taxable year with respect to a  
26          transaction with a taxpayer that is required to make an

1 addition modification with respect to such transaction  
2 under Section 203(a)(2)(D-19), Section  
3 203(b)(2)(E-14), Section 203(c)(2)(G-14), or Section  
4 203(d)(2)(D-9), but not to exceed the amount of that  
5 addition modification. This subparagraph (V) is exempt  
6 from the provisions of Section 250;

7 (W) An amount equal to the interest income taken  
8 into account for the taxable year (net of the  
9 deductions allocable thereto) with respect to  
10 transactions with (i) a foreign person who would be a  
11 member of the taxpayer's unitary business group but for  
12 the fact that the foreign person's business activity  
13 outside the United States is 80% or more of that  
14 person's total business activity and (ii) for taxable  
15 years ending on or after December 31, 2008, to a person  
16 who would be a member of the same unitary business  
17 group but for the fact that the person is prohibited  
18 under Section 1501(a)(27) from being included in the  
19 unitary business group because he or she is ordinarily  
20 required to apportion business income under different  
21 subsections of Section 304, but not to exceed the  
22 addition modification required to be made for the same  
23 taxable year under Section 203(b)(2)(E-12) for  
24 interest paid, accrued, or incurred, directly or  
25 indirectly, to the same person. This subparagraph (W)  
26 is exempt from the provisions of Section 250;

1           (X) An amount equal to the income from intangible  
2           property taken into account for the taxable year (net  
3           of the deductions allocable thereto) with respect to  
4           transactions with (i) a foreign person who would be a  
5           member of the taxpayer's unitary business group but for  
6           the fact that the foreign person's business activity  
7           outside the United States is 80% or more of that  
8           person's total business activity and (ii) for taxable  
9           years ending on or after December 31, 2008, to a person  
10          who would be a member of the same unitary business  
11          group but for the fact that the person is prohibited  
12          under Section 1501(a)(27) from being included in the  
13          unitary business group because he or she is ordinarily  
14          required to apportion business income under different  
15          subsections of Section 304, but not to exceed the  
16          addition modification required to be made for the same  
17          taxable year under Section 203(b)(2)(E-13) for  
18          intangible expenses and costs paid, accrued, or  
19          incurred, directly or indirectly, to the same foreign  
20          person. This subparagraph (X) is exempt from the  
21          provisions of Section 250;

22          (Y) For taxable years ending on or after December  
23          31, 2011, in the case of a taxpayer who was required to  
24          add back any insurance premiums under Section  
25          203(b)(2)(E-14), such taxpayer may elect to subtract  
26          that part of a reimbursement received from the

1 insurance company equal to the amount of the expense or  
2 loss (including expenses incurred by the insurance  
3 company) that would have been taken into account as a  
4 deduction for federal income tax purposes if the  
5 expense or loss had been uninsured. If a taxpayer makes  
6 the election provided for by this subparagraph (Y), the  
7 insurer to which the premiums were paid must add back  
8 to income the amount subtracted by the taxpayer  
9 pursuant to this subparagraph (Y). This subparagraph  
10 (Y) is exempt from the provisions of Section 250; and

11 (Z) The difference between the nondeductible  
12 controlled foreign corporation dividends under Section  
13 965(e) (3) of the Internal Revenue Code over the taxable  
14 income of the taxpayer, computed without regard to  
15 Section 965(e) (2) (A) of the Internal Revenue Code, and  
16 without regard to any net operating loss deduction.  
17 This subparagraph (Z) is exempt from the provisions of  
18 Section 250.

19 (3) Special rule. For purposes of paragraph (2) (A),  
20 "gross income" in the case of a life insurance company, for  
21 tax years ending on and after December 31, 1994, and prior  
22 to December 31, 2011, shall mean the gross investment  
23 income for the taxable year and, for tax years ending on or  
24 after December 31, 2011, shall mean all amounts included in  
25 life insurance gross income under Section 803(a) (3) of the  
26 Internal Revenue Code.

1 (c) Trusts and estates.

2 (1) In general. In the case of a trust or estate, base  
3 income means an amount equal to the taxpayer's taxable  
4 income for the taxable year as modified by paragraph (2).

5 (2) Modifications. Subject to the provisions of  
6 paragraph (3), the taxable income referred to in paragraph  
7 (1) shall be modified by adding thereto the sum of the  
8 following amounts:

9 (A) An amount equal to all amounts paid or accrued  
10 to the taxpayer as interest or dividends during the  
11 taxable year to the extent excluded from gross income  
12 in the computation of taxable income;

13 (B) In the case of (i) an estate, \$600; (ii) a  
14 trust which, under its governing instrument, is  
15 required to distribute all of its income currently,  
16 \$300; and (iii) any other trust, \$100, but in each such  
17 case, only to the extent such amount was deducted in  
18 the computation of taxable income;

19 (C) An amount equal to the amount of tax imposed by  
20 this Act to the extent deducted from gross income in  
21 the computation of taxable income for the taxable year;

22 (D) The amount of any net operating loss deduction  
23 taken in arriving at taxable income, other than a net  
24 operating loss carried forward from a taxable year  
25 ending prior to December 31, 1986;

1           (E) For taxable years in which a net operating loss  
2           carryback or carryforward from a taxable year ending  
3           prior to December 31, 1986 is an element of taxable  
4           income under paragraph (1) of subsection (e) or  
5           subparagraph (E) of paragraph (2) of subsection (e),  
6           the amount by which addition modifications other than  
7           those provided by this subparagraph (E) exceeded  
8           subtraction modifications in such taxable year, with  
9           the following limitations applied in the order that  
10          they are listed:

11               (i) the addition modification relating to the  
12               net operating loss carried back or forward to the  
13               taxable year from any taxable year ending prior to  
14               December 31, 1986 shall be reduced by the amount of  
15               addition modification under this subparagraph (E)  
16               which related to that net operating loss and which  
17               was taken into account in calculating the base  
18               income of an earlier taxable year, and

19               (ii) the addition modification relating to the  
20               net operating loss carried back or forward to the  
21               taxable year from any taxable year ending prior to  
22               December 31, 1986 shall not exceed the amount of  
23               such carryback or carryforward;

24           For taxable years in which there is a net operating  
25           loss carryback or carryforward from more than one other  
26           taxable year ending prior to December 31, 1986, the

1 addition modification provided in this subparagraph  
2 (E) shall be the sum of the amounts computed  
3 independently under the preceding provisions of this  
4 subparagraph (E) for each such taxable year;

5 (F) For taxable years ending on or after January 1,  
6 1989, an amount equal to the tax deducted pursuant to  
7 Section 164 of the Internal Revenue Code if the trust  
8 or estate is claiming the same tax for purposes of the  
9 Illinois foreign tax credit under Section 601 of this  
10 Act;

11 (G) An amount equal to the amount of the capital  
12 gain deduction allowable under the Internal Revenue  
13 Code, to the extent deducted from gross income in the  
14 computation of taxable income;

15 (G-5) For taxable years ending after December 31,  
16 1997, an amount equal to any eligible remediation costs  
17 that the trust or estate deducted in computing adjusted  
18 gross income and for which the trust or estate claims a  
19 credit under subsection (l) of Section 201;

20 (G-10) For taxable years 2001 and thereafter, an  
21 amount equal to the bonus depreciation deduction taken  
22 on the taxpayer's federal income tax return for the  
23 taxable year under subsection (k) of Section 168 of the  
24 Internal Revenue Code; and

25 (G-11) If the taxpayer sells, transfers, abandons,  
26 or otherwise disposes of property for which the

1 taxpayer was required in any taxable year to make an  
2 addition modification under subparagraph (G-10), then  
3 an amount equal to the aggregate amount of the  
4 deductions taken in all taxable years under  
5 subparagraph (R) with respect to that property.

6 If the taxpayer continues to own property through  
7 the last day of the last tax year for which a  
8 subtraction is allowed with respect to that property  
9 under subparagraph (R), ~~the taxpayer may claim a~~  
10 ~~depreciation deduction for federal income tax purposes~~  
11 and for which the taxpayer was allowed in any taxable  
12 year to make a subtraction modification under  
13 subparagraph (R), then an amount equal to that  
14 subtraction modification.

15 The taxpayer is required to make the addition  
16 modification under this subparagraph only once with  
17 respect to any one piece of property;

18 (G-12) An amount equal to the amount otherwise  
19 allowed as a deduction in computing base income for  
20 interest paid, accrued, or incurred, directly or  
21 indirectly, (i) for taxable years ending on or after  
22 December 31, 2004, to a foreign person who would be a  
23 member of the same unitary business group but for the  
24 fact that the foreign person's business activity  
25 outside the United States is 80% or more of the foreign  
26 person's total business activity and (ii) for taxable

1 years ending on or after December 31, 2008, to a person  
2 who would be a member of the same unitary business  
3 group but for the fact that the person is prohibited  
4 under Section 1501(a)(27) from being included in the  
5 unitary business group because he or she is ordinarily  
6 required to apportion business income under different  
7 subsections of Section 304. The addition modification  
8 required by this subparagraph shall be reduced to the  
9 extent that dividends were included in base income of  
10 the unitary group for the same taxable year and  
11 received by the taxpayer or by a member of the  
12 taxpayer's unitary business group (including amounts  
13 included in gross income pursuant to Sections 951  
14 through 964 of the Internal Revenue Code and amounts  
15 included in gross income under Section 78 of the  
16 Internal Revenue Code) with respect to the stock of the  
17 same person to whom the interest was paid, accrued, or  
18 incurred.

19 This paragraph shall not apply to the following:

20 (i) an item of interest paid, accrued, or  
21 incurred, directly or indirectly, to a person who  
22 is subject in a foreign country or state, other  
23 than a state which requires mandatory unitary  
24 reporting, to a tax on or measured by net income  
25 with respect to such interest; or

26 (ii) an item of interest paid, accrued, or

1           incurred, directly or indirectly, to a person if  
2           the taxpayer can establish, based on a  
3           preponderance of the evidence, both of the  
4           following:

5                   (a) the person, during the same taxable  
6                   year, paid, accrued, or incurred, the interest  
7                   to a person that is not a related member, and

8                   (b) the transaction giving rise to the  
9                   interest expense between the taxpayer and the  
10                  person did not have as a principal purpose the  
11                  avoidance of Illinois income tax, and is paid  
12                  pursuant to a contract or agreement that  
13                  reflects an arm's-length interest rate and  
14                  terms; or

15                  (iii) the taxpayer can establish, based on  
16                  clear and convincing evidence, that the interest  
17                  paid, accrued, or incurred relates to a contract or  
18                  agreement entered into at arm's-length rates and  
19                  terms and the principal purpose for the payment is  
20                  not federal or Illinois tax avoidance; or

21                  (iv) an item of interest paid, accrued, or  
22                  incurred, directly or indirectly, to a person if  
23                  the taxpayer establishes by clear and convincing  
24                  evidence that the adjustments are unreasonable; or  
25                  if the taxpayer and the Director agree in writing  
26                  to the application or use of an alternative method

1 of apportionment under Section 304(f).

2 Nothing in this subsection shall preclude the  
3 Director from making any other adjustment  
4 otherwise allowed under Section 404 of this Act for  
5 any tax year beginning after the effective date of  
6 this amendment provided such adjustment is made  
7 pursuant to regulation adopted by the Department  
8 and such regulations provide methods and standards  
9 by which the Department will utilize its authority  
10 under Section 404 of this Act;

11 (G-13) An amount equal to the amount of intangible  
12 expenses and costs otherwise allowed as a deduction in  
13 computing base income, and that were paid, accrued, or  
14 incurred, directly or indirectly, (i) for taxable  
15 years ending on or after December 31, 2004, to a  
16 foreign person who would be a member of the same  
17 unitary business group but for the fact that the  
18 foreign person's business activity outside the United  
19 States is 80% or more of that person's total business  
20 activity and (ii) for taxable years ending on or after  
21 December 31, 2008, to a person who would be a member of  
22 the same unitary business group but for the fact that  
23 the person is prohibited under Section 1501(a)(27)  
24 from being included in the unitary business group  
25 because he or she is ordinarily required to apportion  
26 business income under different subsections of Section

1           304. The addition modification required by this  
2           subparagraph shall be reduced to the extent that  
3           dividends were included in base income of the unitary  
4           group for the same taxable year and received by the  
5           taxpayer or by a member of the taxpayer's unitary  
6           business group (including amounts included in gross  
7           income pursuant to Sections 951 through 964 of the  
8           Internal Revenue Code and amounts included in gross  
9           income under Section 78 of the Internal Revenue Code)  
10          with respect to the stock of the same person to whom  
11          the intangible expenses and costs were directly or  
12          indirectly paid, incurred, or accrued. The preceding  
13          sentence shall not apply to the extent that the same  
14          dividends caused a reduction to the addition  
15          modification required under Section 203(c)(2)(G-12) of  
16          this Act. As used in this subparagraph, the term  
17          "intangible expenses and costs" includes: (1)  
18          expenses, losses, and costs for or related to the  
19          direct or indirect acquisition, use, maintenance or  
20          management, ownership, sale, exchange, or any other  
21          disposition of intangible property; (2) losses  
22          incurred, directly or indirectly, from factoring  
23          transactions or discounting transactions; (3) royalty,  
24          patent, technical, and copyright fees; (4) licensing  
25          fees; and (5) other similar expenses and costs. For  
26          purposes of this subparagraph, "intangible property"

1 includes patents, patent applications, trade names,  
2 trademarks, service marks, copyrights, mask works,  
3 trade secrets, and similar types of intangible assets.

4 This paragraph shall not apply to the following:

5 (i) any item of intangible expenses or costs  
6 paid, accrued, or incurred, directly or  
7 indirectly, from a transaction with a person who is  
8 subject in a foreign country or state, other than a  
9 state which requires mandatory unitary reporting,  
10 to a tax on or measured by net income with respect  
11 to such item; or

12 (ii) any item of intangible expense or cost  
13 paid, accrued, or incurred, directly or  
14 indirectly, if the taxpayer can establish, based  
15 on a preponderance of the evidence, both of the  
16 following:

17 (a) the person during the same taxable  
18 year paid, accrued, or incurred, the  
19 intangible expense or cost to a person that is  
20 not a related member, and

21 (b) the transaction giving rise to the  
22 intangible expense or cost between the  
23 taxpayer and the person did not have as a  
24 principal purpose the avoidance of Illinois  
25 income tax, and is paid pursuant to a contract  
26 or agreement that reflects arm's-length terms;

1                   or

2                   (iii) any item of intangible expense or cost  
3                   paid, accrued, or incurred, directly or  
4                   indirectly, from a transaction with a person if the  
5                   taxpayer establishes by clear and convincing  
6                   evidence, that the adjustments are unreasonable;  
7                   or if the taxpayer and the Director agree in  
8                   writing to the application or use of an alternative  
9                   method of apportionment under Section 304(f);

10                  Nothing in this subsection shall preclude the  
11                  Director from making any other adjustment  
12                  otherwise allowed under Section 404 of this Act for  
13                  any tax year beginning after the effective date of  
14                  this amendment provided such adjustment is made  
15                  pursuant to regulation adopted by the Department  
16                  and such regulations provide methods and standards  
17                  by which the Department will utilize its authority  
18                  under Section 404 of this Act;

19                  (G-14) For taxable years ending on or after  
20                  December 31, 2008, an amount equal to the amount of  
21                  insurance premium expenses and costs otherwise allowed  
22                  as a deduction in computing base income, and that were  
23                  paid, accrued, or incurred, directly or indirectly, to  
24                  a person who would be a member of the same unitary  
25                  business group but for the fact that the person is  
26                  prohibited under Section 1501(a)(27) from being

1 included in the unitary business group because he or  
2 she is ordinarily required to apportion business  
3 income under different subsections of Section 304. The  
4 addition modification required by this subparagraph  
5 shall be reduced to the extent that dividends were  
6 included in base income of the unitary group for the  
7 same taxable year and received by the taxpayer or by a  
8 member of the taxpayer's unitary business group  
9 (including amounts included in gross income under  
10 Sections 951 through 964 of the Internal Revenue Code  
11 and amounts included in gross income under Section 78  
12 of the Internal Revenue Code) with respect to the stock  
13 of the same person to whom the premiums and costs were  
14 directly or indirectly paid, incurred, or accrued. The  
15 preceding sentence does not apply to the extent that  
16 the same dividends caused a reduction to the addition  
17 modification required under Section 203(c)(2)(G-12) or  
18 Section 203(c)(2)(G-13) of this Act;

19 (G-15) An amount equal to the credit allowable to  
20 the taxpayer under Section 218(a) of this Act,  
21 determined without regard to Section 218(c) of this  
22 Act;

23 and by deducting from the total so obtained the sum of the  
24 following amounts:

25 (H) An amount equal to all amounts included in such  
26 total pursuant to the provisions of Sections 402(a),

1           402(c), 403(a), 403(b), 406(a), 407(a) and 408 of the  
2           Internal Revenue Code or included in such total as  
3           distributions under the provisions of any retirement  
4           or disability plan for employees of any governmental  
5           agency or unit, or retirement payments to retired  
6           partners, which payments are excluded in computing net  
7           earnings from self employment by Section 1402 of the  
8           Internal Revenue Code and regulations adopted pursuant  
9           thereto;

10           (I) The valuation limitation amount;

11           (J) An amount equal to the amount of any tax  
12           imposed by this Act which was refunded to the taxpayer  
13           and included in such total for the taxable year;

14           (K) An amount equal to all amounts included in  
15           taxable income as modified by subparagraphs (A), (B),  
16           (C), (D), (E), (F) and (G) which are exempt from  
17           taxation by this State either by reason of its statutes  
18           or Constitution or by reason of the Constitution,  
19           treaties or statutes of the United States; provided  
20           that, in the case of any statute of this State that  
21           exempts income derived from bonds or other obligations  
22           from the tax imposed under this Act, the amount  
23           exempted shall be the interest net of bond premium  
24           amortization;

25           (L) With the exception of any amounts subtracted  
26           under subparagraph (K), an amount equal to the sum of

1 all amounts disallowed as deductions by (i) Sections  
2 171(a) (2) and 265(a) (2) of the Internal Revenue Code,  
3 and all amounts of expenses allocable to interest and  
4 disallowed as deductions by Section 265(1) of the  
5 Internal Revenue Code; and (ii) for taxable years  
6 ending on or after August 13, 1999, Sections 171(a) (2),  
7 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue  
8 Code, plus, (iii) for taxable years ending on or after  
9 December 31, 2011, Section 45G(e) (3) of the Internal  
10 Revenue Code and, for taxable years ending on or after  
11 December 31, 2008, any amount included in gross income  
12 under Section 87 of the Internal Revenue Code; the  
13 provisions of this subparagraph are exempt from the  
14 provisions of Section 250;

15 (M) An amount equal to those dividends included in  
16 such total which were paid by a corporation which  
17 conducts business operations in an Enterprise Zone or  
18 zones created under the Illinois Enterprise Zone Act or  
19 a River Edge Redevelopment Zone or zones created under  
20 the River Edge Redevelopment Zone Act and conducts  
21 substantially all of its operations in an Enterprise  
22 Zone or Zones or a River Edge Redevelopment Zone or  
23 zones. This subparagraph (M) is exempt from the  
24 provisions of Section 250;

25 (N) An amount equal to any contribution made to a  
26 job training project established pursuant to the Tax

1 Increment Allocation Redevelopment Act;

2 (O) An amount equal to those dividends included in  
3 such total that were paid by a corporation that  
4 conducts business operations in a federally designated  
5 Foreign Trade Zone or Sub-Zone and that is designated a  
6 High Impact Business located in Illinois; provided  
7 that dividends eligible for the deduction provided in  
8 subparagraph (M) of paragraph (2) of this subsection  
9 shall not be eligible for the deduction provided under  
10 this subparagraph (O);

11 (P) An amount equal to the amount of the deduction  
12 used to compute the federal income tax credit for  
13 restoration of substantial amounts held under claim of  
14 right for the taxable year pursuant to Section 1341 of  
15 the Internal Revenue Code;

16 (Q) For taxable year 1999 and thereafter, an amount  
17 equal to the amount of any (i) distributions, to the  
18 extent includible in gross income for federal income  
19 tax purposes, made to the taxpayer because of his or  
20 her status as a victim of persecution for racial or  
21 religious reasons by Nazi Germany or any other Axis  
22 regime or as an heir of the victim and (ii) items of  
23 income, to the extent includible in gross income for  
24 federal income tax purposes, attributable to, derived  
25 from or in any way related to assets stolen from,  
26 hidden from, or otherwise lost to a victim of

1 persecution for racial or religious reasons by Nazi  
2 Germany or any other Axis regime immediately prior to,  
3 during, and immediately after World War II, including,  
4 but not limited to, interest on the proceeds receivable  
5 as insurance under policies issued to a victim of  
6 persecution for racial or religious reasons by Nazi  
7 Germany or any other Axis regime by European insurance  
8 companies immediately prior to and during World War II;  
9 provided, however, this subtraction from federal  
10 adjusted gross income does not apply to assets acquired  
11 with such assets or with the proceeds from the sale of  
12 such assets; provided, further, this paragraph shall  
13 only apply to a taxpayer who was the first recipient of  
14 such assets after their recovery and who is a victim of  
15 persecution for racial or religious reasons by Nazi  
16 Germany or any other Axis regime or as an heir of the  
17 victim. The amount of and the eligibility for any  
18 public assistance, benefit, or similar entitlement is  
19 not affected by the inclusion of items (i) and (ii) of  
20 this paragraph in gross income for federal income tax  
21 purposes. This paragraph is exempt from the provisions  
22 of Section 250;

23 (R) For taxable years 2001 and thereafter, for the  
24 taxable year in which the bonus depreciation deduction  
25 is taken on the taxpayer's federal income tax return  
26 under subsection (k) of Section 168 of the Internal

1 Revenue Code and for each applicable taxable year  
2 thereafter, an amount equal to "x", where:

3 (1) "y" equals the amount of the depreciation  
4 deduction taken for the taxable year on the  
5 taxpayer's federal income tax return on property  
6 for which the bonus depreciation deduction was  
7 taken in any year under subsection (k) of Section  
8 168 of the Internal Revenue Code, but not including  
9 the bonus depreciation deduction;

10 (2) for taxable years ending on or before  
11 December 31, 2005, "x" equals "y" multiplied by 30  
12 and then divided by 70 (or "y" multiplied by  
13 0.429); and

14 (3) for taxable years ending after December  
15 31, 2005:

16 (i) for property on which a bonus  
17 depreciation deduction of 30% of the adjusted  
18 basis was taken, "x" equals "y" multiplied by  
19 30 and then divided by 70 (or "y" multiplied by  
20 0.429); ~~and~~

21 (ii) for property on which a bonus  
22 depreciation deduction of 50% of the adjusted  
23 basis was taken, "x" equals "y" multiplied by  
24 1.0; and ~~and~~

25 (iii) for property on which a bonus  
26 depreciation deduction of 100% of the adjusted

1           basis was taken in a taxable year ending on or  
2           after December 31, 2011, "x" equals the  
3           depreciation deduction that would be allowed  
4           on that property if the taxpayer had made the  
5           election under Section 168(k)(2)(D)(iii) of  
6           the Internal Revenue Code to not claim bonus  
7           depreciation on that property.

8           The aggregate amount deducted under this  
9           subparagraph in all taxable years for any one piece of  
10          property may not exceed the amount of the bonus  
11          depreciation deduction taken on that property on the  
12          taxpayer's federal income tax return under subsection  
13          (k) of Section 168 of the Internal Revenue Code. This  
14          subparagraph (R) is exempt from the provisions of  
15          Section 250;

16          (S) If the taxpayer sells, transfers, abandons, or  
17          otherwise disposes of property for which the taxpayer  
18          was required in any taxable year to make an addition  
19          modification under subparagraph (G-10), then an amount  
20          equal to that addition modification.

21          If the taxpayer continues to own property through  
22          the last day of the last tax year for which a  
23          subtraction is allowed with respect to that property  
24          under subparagraph (R), the taxpayer may claim a  
25          depreciation deduction for federal income tax purposes  
26          and for which the taxpayer was required in any taxable

1 year to make an addition modification under  
2 subparagraph (G-10), then an amount equal to that  
3 addition modification.

4 The taxpayer is allowed to take the deduction under  
5 this subparagraph only once with respect to any one  
6 piece of property.

7 This subparagraph (S) is exempt from the  
8 provisions of Section 250;

9 (T) The amount of (i) any interest income (net of  
10 the deductions allocable thereto) taken into account  
11 for the taxable year with respect to a transaction with  
12 a taxpayer that is required to make an addition  
13 modification with respect to such transaction under  
14 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
15 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
16 the amount of such addition modification and (ii) any  
17 income from intangible property (net of the deductions  
18 allocable thereto) taken into account for the taxable  
19 year with respect to a transaction with a taxpayer that  
20 is required to make an addition modification with  
21 respect to such transaction under Section  
22 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
23 203(d)(2)(D-8), but not to exceed the amount of such  
24 addition modification. This subparagraph (T) is exempt  
25 from the provisions of Section 250;

26 (U) An amount equal to the interest income taken

1           into account for the taxable year (net of the  
2           deductions allocable thereto) with respect to  
3           transactions with (i) a foreign person who would be a  
4           member of the taxpayer's unitary business group but for  
5           the fact the foreign person's business activity  
6           outside the United States is 80% or more of that  
7           person's total business activity and (ii) for taxable  
8           years ending on or after December 31, 2008, to a person  
9           who would be a member of the same unitary business  
10          group but for the fact that the person is prohibited  
11          under Section 1501(a)(27) from being included in the  
12          unitary business group because he or she is ordinarily  
13          required to apportion business income under different  
14          subsections of Section 304, but not to exceed the  
15          addition modification required to be made for the same  
16          taxable year under Section 203(c)(2)(G-12) for  
17          interest paid, accrued, or incurred, directly or  
18          indirectly, to the same person. This subparagraph (U)  
19          is exempt from the provisions of Section 250;

20                 (V) An amount equal to the income from intangible  
21          property taken into account for the taxable year (net  
22          of the deductions allocable thereto) with respect to  
23          transactions with (i) a foreign person who would be a  
24          member of the taxpayer's unitary business group but for  
25          the fact that the foreign person's business activity  
26          outside the United States is 80% or more of that

1 person's total business activity and (ii) for taxable  
2 years ending on or after December 31, 2008, to a person  
3 who would be a member of the same unitary business  
4 group but for the fact that the person is prohibited  
5 under Section 1501(a)(27) from being included in the  
6 unitary business group because he or she is ordinarily  
7 required to apportion business income under different  
8 subsections of Section 304, but not to exceed the  
9 addition modification required to be made for the same  
10 taxable year under Section 203(c)(2)(G-13) for  
11 intangible expenses and costs paid, accrued, or  
12 incurred, directly or indirectly, to the same foreign  
13 person. This subparagraph (V) is exempt from the  
14 provisions of Section 250;

15 (W) in the case of an estate, an amount equal to  
16 all amounts included in such total pursuant to the  
17 provisions of Section 111 of the Internal Revenue Code  
18 as a recovery of items previously deducted by the  
19 decedent from adjusted gross income in the computation  
20 of taxable income. This subparagraph (W) is exempt from  
21 Section 250;

22 (X) an amount equal to the refund included in such  
23 total of any tax deducted for federal income tax  
24 purposes, to the extent that deduction was added back  
25 under subparagraph (F). This subparagraph (X) is  
26 exempt from the provisions of Section 250; and

1           (Y) For taxable years ending on or after December  
2           31, 2011, in the case of a taxpayer who was required to  
3           add back any insurance premiums under Section  
4           203(c)(2)(G-14), such taxpayer may elect to subtract  
5           that part of a reimbursement received from the  
6           insurance company equal to the amount of the expense or  
7           loss (including expenses incurred by the insurance  
8           company) that would have been taken into account as a  
9           deduction for federal income tax purposes if the  
10          expense or loss had been uninsured. If a taxpayer makes  
11          the election provided for by this subparagraph (Y), the  
12          insurer to which the premiums were paid must add back  
13          to income the amount subtracted by the taxpayer  
14          pursuant to this subparagraph (Y). This subparagraph  
15          (Y) is exempt from the provisions of Section 250.

16          (3) Limitation. The amount of any modification  
17          otherwise required under this subsection shall, under  
18          regulations prescribed by the Department, be adjusted by  
19          any amounts included therein which were properly paid,  
20          credited, or required to be distributed, or permanently set  
21          aside for charitable purposes pursuant to Internal Revenue  
22          Code Section 642(c) during the taxable year.

23          (d) Partnerships.

24               (1) In general. In the case of a partnership, base  
25          income means an amount equal to the taxpayer's taxable

1 income for the taxable year as modified by paragraph (2).

2 (2) Modifications. The taxable income referred to in  
3 paragraph (1) shall be modified by adding thereto the sum  
4 of the following amounts:

5 (A) An amount equal to all amounts paid or accrued  
6 to the taxpayer as interest or dividends during the  
7 taxable year to the extent excluded from gross income  
8 in the computation of taxable income;

9 (B) An amount equal to the amount of tax imposed by  
10 this Act to the extent deducted from gross income for  
11 the taxable year;

12 (C) The amount of deductions allowed to the  
13 partnership pursuant to Section 707 (c) of the Internal  
14 Revenue Code in calculating its taxable income;

15 (D) An amount equal to the amount of the capital  
16 gain deduction allowable under the Internal Revenue  
17 Code, to the extent deducted from gross income in the  
18 computation of taxable income;

19 (D-5) For taxable years 2001 and thereafter, an  
20 amount equal to the bonus depreciation deduction taken  
21 on the taxpayer's federal income tax return for the  
22 taxable year under subsection (k) of Section 168 of the  
23 Internal Revenue Code;

24 (D-6) If the taxpayer sells, transfers, abandons,  
25 or otherwise disposes of property for which the  
26 taxpayer was required in any taxable year to make an

1 addition modification under subparagraph (D-5), then  
2 an amount equal to the aggregate amount of the  
3 deductions taken in all taxable years under  
4 subparagraph (O) with respect to that property.

5 If the taxpayer continues to own property through  
6 the last day of the last tax year for which a  
7 subtraction is allowed with respect to that property  
8 under subparagraph (O), ~~the taxpayer may claim a~~  
9 ~~depreciation deduction for federal income tax purposes~~  
10 and for which the taxpayer was allowed in any taxable  
11 year to make a subtraction modification under  
12 subparagraph (O), then an amount equal to that  
13 subtraction modification.

14 The taxpayer is required to make the addition  
15 modification under this subparagraph only once with  
16 respect to any one piece of property;

17 (D-7) An amount equal to the amount otherwise  
18 allowed as a deduction in computing base income for  
19 interest paid, accrued, or incurred, directly or  
20 indirectly, (i) for taxable years ending on or after  
21 December 31, 2004, to a foreign person who would be a  
22 member of the same unitary business group but for the  
23 fact the foreign person's business activity outside  
24 the United States is 80% or more of the foreign  
25 person's total business activity and (ii) for taxable  
26 years ending on or after December 31, 2008, to a person

1           who would be a member of the same unitary business  
2           group but for the fact that the person is prohibited  
3           under Section 1501(a)(27) from being included in the  
4           unitary business group because he or she is ordinarily  
5           required to apportion business income under different  
6           subsections of Section 304. The addition modification  
7           required by this subparagraph shall be reduced to the  
8           extent that dividends were included in base income of  
9           the unitary group for the same taxable year and  
10          received by the taxpayer or by a member of the  
11          taxpayer's unitary business group (including amounts  
12          included in gross income pursuant to Sections 951  
13          through 964 of the Internal Revenue Code and amounts  
14          included in gross income under Section 78 of the  
15          Internal Revenue Code) with respect to the stock of the  
16          same person to whom the interest was paid, accrued, or  
17          incurred.

18                 This paragraph shall not apply to the following:

19                         (i) an item of interest paid, accrued, or  
20                         incurred, directly or indirectly, to a person who  
21                         is subject in a foreign country or state, other  
22                         than a state which requires mandatory unitary  
23                         reporting, to a tax on or measured by net income  
24                         with respect to such interest; or

25                         (ii) an item of interest paid, accrued, or  
26                         incurred, directly or indirectly, to a person if

1           the taxpayer can establish, based on a  
2           preponderance of the evidence, both of the  
3           following:

4                   (a) the person, during the same taxable  
5                   year, paid, accrued, or incurred, the interest  
6                   to a person that is not a related member, and

7                   (b) the transaction giving rise to the  
8                   interest expense between the taxpayer and the  
9                   person did not have as a principal purpose the  
10                  avoidance of Illinois income tax, and is paid  
11                  pursuant to a contract or agreement that  
12                  reflects an arm's-length interest rate and  
13                  terms; or

14                  (iii) the taxpayer can establish, based on  
15                  clear and convincing evidence, that the interest  
16                  paid, accrued, or incurred relates to a contract or  
17                  agreement entered into at arm's-length rates and  
18                  terms and the principal purpose for the payment is  
19                  not federal or Illinois tax avoidance; or

20                  (iv) an item of interest paid, accrued, or  
21                  incurred, directly or indirectly, to a person if  
22                  the taxpayer establishes by clear and convincing  
23                  evidence that the adjustments are unreasonable; or  
24                  if the taxpayer and the Director agree in writing  
25                  to the application or use of an alternative method  
26                  of apportionment under Section 304(f).

1           Nothing in this subsection shall preclude the  
2           Director from making any other adjustment  
3           otherwise allowed under Section 404 of this Act for  
4           any tax year beginning after the effective date of  
5           this amendment provided such adjustment is made  
6           pursuant to regulation adopted by the Department  
7           and such regulations provide methods and standards  
8           by which the Department will utilize its authority  
9           under Section 404 of this Act; and

10           (D-8) An amount equal to the amount of intangible  
11           expenses and costs otherwise allowed as a deduction in  
12           computing base income, and that were paid, accrued, or  
13           incurred, directly or indirectly, (i) for taxable  
14           years ending on or after December 31, 2004, to a  
15           foreign person who would be a member of the same  
16           unitary business group but for the fact that the  
17           foreign person's business activity outside the United  
18           States is 80% or more of that person's total business  
19           activity and (ii) for taxable years ending on or after  
20           December 31, 2008, to a person who would be a member of  
21           the same unitary business group but for the fact that  
22           the person is prohibited under Section 1501(a)(27)  
23           from being included in the unitary business group  
24           because he or she is ordinarily required to apportion  
25           business income under different subsections of Section  
26           304. The addition modification required by this

1           subparagraph shall be reduced to the extent that  
2           dividends were included in base income of the unitary  
3           group for the same taxable year and received by the  
4           taxpayer or by a member of the taxpayer's unitary  
5           business group (including amounts included in gross  
6           income pursuant to Sections 951 through 964 of the  
7           Internal Revenue Code and amounts included in gross  
8           income under Section 78 of the Internal Revenue Code)  
9           with respect to the stock of the same person to whom  
10          the intangible expenses and costs were directly or  
11          indirectly paid, incurred or accrued. The preceding  
12          sentence shall not apply to the extent that the same  
13          dividends caused a reduction to the addition  
14          modification required under Section 203(d)(2)(D-7) of  
15          this Act. As used in this subparagraph, the term  
16          "intangible expenses and costs" includes (1) expenses,  
17          losses, and costs for, or related to, the direct or  
18          indirect acquisition, use, maintenance or management,  
19          ownership, sale, exchange, or any other disposition of  
20          intangible property; (2) losses incurred, directly or  
21          indirectly, from factoring transactions or discounting  
22          transactions; (3) royalty, patent, technical, and  
23          copyright fees; (4) licensing fees; and (5) other  
24          similar expenses and costs. For purposes of this  
25          subparagraph, "intangible property" includes patents,  
26          patent applications, trade names, trademarks, service

1 marks, copyrights, mask works, trade secrets, and  
2 similar types of intangible assets;

3 This paragraph shall not apply to the following:

4 (i) any item of intangible expenses or costs  
5 paid, accrued, or incurred, directly or  
6 indirectly, from a transaction with a person who is  
7 subject in a foreign country or state, other than a  
8 state which requires mandatory unitary reporting,  
9 to a tax on or measured by net income with respect  
10 to such item; or

11 (ii) any item of intangible expense or cost  
12 paid, accrued, or incurred, directly or  
13 indirectly, if the taxpayer can establish, based  
14 on a preponderance of the evidence, both of the  
15 following:

16 (a) the person during the same taxable  
17 year paid, accrued, or incurred, the  
18 intangible expense or cost to a person that is  
19 not a related member, and

20 (b) the transaction giving rise to the  
21 intangible expense or cost between the  
22 taxpayer and the person did not have as a  
23 principal purpose the avoidance of Illinois  
24 income tax, and is paid pursuant to a contract  
25 or agreement that reflects arm's-length terms;  
26 or

1           (iii) any item of intangible expense or cost  
2           paid, accrued, or incurred, directly or  
3           indirectly, from a transaction with a person if the  
4           taxpayer establishes by clear and convincing  
5           evidence, that the adjustments are unreasonable;  
6           or if the taxpayer and the Director agree in  
7           writing to the application or use of an alternative  
8           method of apportionment under Section 304(f);

9           Nothing in this subsection shall preclude the  
10          Director from making any other adjustment  
11          otherwise allowed under Section 404 of this Act for  
12          any tax year beginning after the effective date of  
13          this amendment provided such adjustment is made  
14          pursuant to regulation adopted by the Department  
15          and such regulations provide methods and standards  
16          by which the Department will utilize its authority  
17          under Section 404 of this Act;

18          (D-9) For taxable years ending on or after December  
19          31, 2008, an amount equal to the amount of insurance  
20          premium expenses and costs otherwise allowed as a  
21          deduction in computing base income, and that were paid,  
22          accrued, or incurred, directly or indirectly, to a  
23          person who would be a member of the same unitary  
24          business group but for the fact that the person is  
25          prohibited under Section 1501(a)(27) from being  
26          included in the unitary business group because he or

1 she is ordinarily required to apportion business  
2 income under different subsections of Section 304. The  
3 addition modification required by this subparagraph  
4 shall be reduced to the extent that dividends were  
5 included in base income of the unitary group for the  
6 same taxable year and received by the taxpayer or by a  
7 member of the taxpayer's unitary business group  
8 (including amounts included in gross income under  
9 Sections 951 through 964 of the Internal Revenue Code  
10 and amounts included in gross income under Section 78  
11 of the Internal Revenue Code) with respect to the stock  
12 of the same person to whom the premiums and costs were  
13 directly or indirectly paid, incurred, or accrued. The  
14 preceding sentence does not apply to the extent that  
15 the same dividends caused a reduction to the addition  
16 modification required under Section 203(d)(2)(D-7) or  
17 Section 203(d)(2)(D-8) of this Act;

18 (D-10) An amount equal to the credit allowable to  
19 the taxpayer under Section 218(a) of this Act,  
20 determined without regard to Section 218(c) of this  
21 Act;

22 and by deducting from the total so obtained the following  
23 amounts:

24 (E) The valuation limitation amount;

25 (F) An amount equal to the amount of any tax  
26 imposed by this Act which was refunded to the taxpayer

1 and included in such total for the taxable year;

2 (G) An amount equal to all amounts included in  
3 taxable income as modified by subparagraphs (A), (B),  
4 (C) and (D) which are exempt from taxation by this  
5 State either by reason of its statutes or Constitution  
6 or by reason of the Constitution, treaties or statutes  
7 of the United States; provided that, in the case of any  
8 statute of this State that exempts income derived from  
9 bonds or other obligations from the tax imposed under  
10 this Act, the amount exempted shall be the interest net  
11 of bond premium amortization;

12 (H) Any income of the partnership which  
13 constitutes personal service income as defined in  
14 Section 1348 (b) (1) of the Internal Revenue Code (as  
15 in effect December 31, 1981) or a reasonable allowance  
16 for compensation paid or accrued for services rendered  
17 by partners to the partnership, whichever is greater;  
18 this subparagraph (H) is exempt from the provisions of  
19 Section 250;

20 (I) An amount equal to all amounts of income  
21 distributable to an entity subject to the Personal  
22 Property Tax Replacement Income Tax imposed by  
23 subsections (c) and (d) of Section 201 of this Act  
24 including amounts distributable to organizations  
25 exempt from federal income tax by reason of Section  
26 501(a) of the Internal Revenue Code; this subparagraph

1 (I) is exempt from the provisions of Section 250;

2 (J) With the exception of any amounts subtracted  
3 under subparagraph (G), an amount equal to the sum of  
4 all amounts disallowed as deductions by (i) Sections  
5 171(a) (2), and 265(2) of the Internal Revenue Code,  
6 and all amounts of expenses allocable to interest and  
7 disallowed as deductions by Section 265(1) of the  
8 Internal Revenue Code; and (ii) for taxable years  
9 ending on or after August 13, 1999, Sections 171(a) (2),  
10 265, 280C, and 832(b) (5) (B) (i) of the Internal Revenue  
11 Code, plus, (iii) for taxable years ending on or after  
12 December 31, 2011, Section 45G(e) (3) of the Internal  
13 Revenue Code and, for taxable years ending on or after  
14 December 31, 2008, any amount included in gross income  
15 under Section 87 of the Internal Revenue Code; the  
16 provisions of this subparagraph are exempt from the  
17 provisions of Section 250;

18 (K) An amount equal to those dividends included in  
19 such total which were paid by a corporation which  
20 conducts business operations in an Enterprise Zone or  
21 zones created under the Illinois Enterprise Zone Act,  
22 enacted by the 82nd General Assembly, or a River Edge  
23 Redevelopment Zone or zones created under the River  
24 Edge Redevelopment Zone Act and conducts substantially  
25 all of its operations in an Enterprise Zone or Zones or  
26 from a River Edge Redevelopment Zone or zones. This

1           subparagraph (K) is exempt from the provisions of  
2           Section 250;

3           (L) An amount equal to any contribution made to a  
4           job training project established pursuant to the Real  
5           Property Tax Increment Allocation Redevelopment Act;

6           (M) An amount equal to those dividends included in  
7           such total that were paid by a corporation that  
8           conducts business operations in a federally designated  
9           Foreign Trade Zone or Sub-Zone and that is designated a  
10          High Impact Business located in Illinois; provided  
11          that dividends eligible for the deduction provided in  
12          subparagraph (K) of paragraph (2) of this subsection  
13          shall not be eligible for the deduction provided under  
14          this subparagraph (M);

15          (N) An amount equal to the amount of the deduction  
16          used to compute the federal income tax credit for  
17          restoration of substantial amounts held under claim of  
18          right for the taxable year pursuant to Section 1341 of  
19          the Internal Revenue Code;

20          (O) For taxable years 2001 and thereafter, for the  
21          taxable year in which the bonus depreciation deduction  
22          is taken on the taxpayer's federal income tax return  
23          under subsection (k) of Section 168 of the Internal  
24          Revenue Code and for each applicable taxable year  
25          thereafter, an amount equal to "x", where:

26                 (1) "y" equals the amount of the depreciation

1 deduction taken for the taxable year on the  
2 taxpayer's federal income tax return on property  
3 for which the bonus depreciation deduction was  
4 taken in any year under subsection (k) of Section  
5 168 of the Internal Revenue Code, but not including  
6 the bonus depreciation deduction;

7 (2) for taxable years ending on or before  
8 December 31, 2005, "x" equals "y" multiplied by 30  
9 and then divided by 70 (or "y" multiplied by  
10 0.429); and

11 (3) for taxable years ending after December  
12 31, 2005:

13 (i) for property on which a bonus  
14 depreciation deduction of 30% of the adjusted  
15 basis was taken, "x" equals "y" multiplied by  
16 30 and then divided by 70 (or "y" multiplied by  
17 0.429); ~~and~~

18 (ii) for property on which a bonus  
19 depreciation deduction of 50% of the adjusted  
20 basis was taken, "x" equals "y" multiplied by  
21 1.0; and -

22 (iii) for property on which a bonus  
23 depreciation deduction of 100% of the adjusted  
24 basis was taken in a taxable year ending on or  
25 after December 31, 2011, "x" equals the  
26 depreciation deduction that would be allowed

1           on that property if the taxpayer had made the  
2           election under Section 168(k)(2)(D)(iii) of  
3           the Internal Revenue Code to not claim bonus  
4           depreciation on that property.

5           The aggregate amount deducted under this  
6           subparagraph in all taxable years for any one piece of  
7           property may not exceed the amount of the bonus  
8           depreciation deduction taken on that property on the  
9           taxpayer's federal income tax return under subsection  
10          (k) of Section 168 of the Internal Revenue Code. This  
11          subparagraph (O) is exempt from the provisions of  
12          Section 250;

13          (P) If the taxpayer sells, transfers, abandons, or  
14          otherwise disposes of property for which the taxpayer  
15          was required in any taxable year to make an addition  
16          modification under subparagraph (D-5), then an amount  
17          equal to that addition modification.

18          If the taxpayer continues to own property through  
19          the last day of the last tax year for which a  
20          subtraction is allowed with respect to that property  
21          under subparagraph (O), the taxpayer may claim a  
22          ~~depreciation deduction for federal income tax purposes~~  
23          and for which the taxpayer was required in any taxable  
24          year to make an addition modification under  
25          subparagraph (D-5), then an amount equal to that  
26          addition modification.

1           The taxpayer is allowed to take the deduction under  
2 this subparagraph only once with respect to any one  
3 piece of property.

4           This subparagraph (P) is exempt from the  
5 provisions of Section 250;

6           (Q) The amount of (i) any interest income (net of  
7 the deductions allocable thereto) taken into account  
8 for the taxable year with respect to a transaction with  
9 a taxpayer that is required to make an addition  
10 modification with respect to such transaction under  
11 Section 203(a)(2)(D-17), 203(b)(2)(E-12),  
12 203(c)(2)(G-12), or 203(d)(2)(D-7), but not to exceed  
13 the amount of such addition modification and (ii) any  
14 income from intangible property (net of the deductions  
15 allocable thereto) taken into account for the taxable  
16 year with respect to a transaction with a taxpayer that  
17 is required to make an addition modification with  
18 respect to such transaction under Section  
19 203(a)(2)(D-18), 203(b)(2)(E-13), 203(c)(2)(G-13), or  
20 203(d)(2)(D-8), but not to exceed the amount of such  
21 addition modification. This subparagraph (Q) is exempt  
22 from Section 250;

23           (R) An amount equal to the interest income taken  
24 into account for the taxable year (net of the  
25 deductions allocable thereto) with respect to  
26 transactions with (i) a foreign person who would be a

1 member of the taxpayer's unitary business group but for  
2 the fact that the foreign person's business activity  
3 outside the United States is 80% or more of that  
4 person's total business activity and (ii) for taxable  
5 years ending on or after December 31, 2008, to a person  
6 who would be a member of the same unitary business  
7 group but for the fact that the person is prohibited  
8 under Section 1501(a)(27) from being included in the  
9 unitary business group because he or she is ordinarily  
10 required to apportion business income under different  
11 subsections of Section 304, but not to exceed the  
12 addition modification required to be made for the same  
13 taxable year under Section 203(d)(2)(D-7) for interest  
14 paid, accrued, or incurred, directly or indirectly, to  
15 the same person. This subparagraph (R) is exempt from  
16 Section 250;

17 (S) An amount equal to the income from intangible  
18 property taken into account for the taxable year (net  
19 of the deductions allocable thereto) with respect to  
20 transactions with (i) a foreign person who would be a  
21 member of the taxpayer's unitary business group but for  
22 the fact that the foreign person's business activity  
23 outside the United States is 80% or more of that  
24 person's total business activity and (ii) for taxable  
25 years ending on or after December 31, 2008, to a person  
26 who would be a member of the same unitary business

1 group but for the fact that the person is prohibited  
2 under Section 1501(a)(27) from being included in the  
3 unitary business group because he or she is ordinarily  
4 required to apportion business income under different  
5 subsections of Section 304, but not to exceed the  
6 addition modification required to be made for the same  
7 taxable year under Section 203(d)(2)(D-8) for  
8 intangible expenses and costs paid, accrued, or  
9 incurred, directly or indirectly, to the same person.  
10 This subparagraph (S) is exempt from Section 250; and

11 (T) For taxable years ending on or after December  
12 31, 2011, in the case of a taxpayer who was required to  
13 add back any insurance premiums under Section  
14 203(d)(2)(D-9), such taxpayer may elect to subtract  
15 that part of a reimbursement received from the  
16 insurance company equal to the amount of the expense or  
17 loss (including expenses incurred by the insurance  
18 company) that would have been taken into account as a  
19 deduction for federal income tax purposes if the  
20 expense or loss had been uninsured. If a taxpayer makes  
21 the election provided for by this subparagraph (T), the  
22 insurer to which the premiums were paid must add back  
23 to income the amount subtracted by the taxpayer  
24 pursuant to this subparagraph (T). This subparagraph  
25 (T) is exempt from the provisions of Section 250.

1 (e) Gross income; adjusted gross income; taxable income.

2 (1) In general. Subject to the provisions of paragraph  
3 (2) and subsection (b) (3), for purposes of this Section  
4 and Section 803(e), a taxpayer's gross income, adjusted  
5 gross income, or taxable income for the taxable year shall  
6 mean the amount of gross income, adjusted gross income or  
7 taxable income properly reportable for federal income tax  
8 purposes for the taxable year under the provisions of the  
9 Internal Revenue Code. Taxable income may be less than  
10 zero. However, for taxable years ending on or after  
11 December 31, 1986, net operating loss carryforwards from  
12 taxable years ending prior to December 31, 1986, may not  
13 exceed the sum of federal taxable income for the taxable  
14 year before net operating loss deduction, plus the excess  
15 of addition modifications over subtraction modifications  
16 for the taxable year. For taxable years ending prior to  
17 December 31, 1986, taxable income may never be an amount in  
18 excess of the net operating loss for the taxable year as  
19 defined in subsections (c) and (d) of Section 172 of the  
20 Internal Revenue Code, provided that when taxable income of  
21 a corporation (other than a Subchapter S corporation),  
22 trust, or estate is less than zero and addition  
23 modifications, other than those provided by subparagraph  
24 (E) of paragraph (2) of subsection (b) for corporations or  
25 subparagraph (E) of paragraph (2) of subsection (c) for  
26 trusts and estates, exceed subtraction modifications, an

1 addition modification must be made under those  
2 subparagraphs for any other taxable year to which the  
3 taxable income less than zero (net operating loss) is  
4 applied under Section 172 of the Internal Revenue Code or  
5 under subparagraph (E) of paragraph (2) of this subsection  
6 (e) applied in conjunction with Section 172 of the Internal  
7 Revenue Code.

8 (2) Special rule. For purposes of paragraph (1) of this  
9 subsection, the taxable income properly reportable for  
10 federal income tax purposes shall mean:

11 (A) Certain life insurance companies. In the case  
12 of a life insurance company subject to the tax imposed  
13 by Section 801 of the Internal Revenue Code, life  
14 insurance company taxable income, plus the amount of  
15 distribution from pre-1984 policyholder surplus  
16 accounts as calculated under Section 815a of the  
17 Internal Revenue Code;

18 (B) Certain other insurance companies. In the case  
19 of mutual insurance companies subject to the tax  
20 imposed by Section 831 of the Internal Revenue Code,  
21 insurance company taxable income;

22 (C) Regulated investment companies. In the case of  
23 a regulated investment company subject to the tax  
24 imposed by Section 852 of the Internal Revenue Code,  
25 investment company taxable income;

26 (D) Real estate investment trusts. In the case of a

1 real estate investment trust subject to the tax imposed  
2 by Section 857 of the Internal Revenue Code, real  
3 estate investment trust taxable income;

4 (E) Consolidated corporations. In the case of a  
5 corporation which is a member of an affiliated group of  
6 corporations filing a consolidated income tax return  
7 for the taxable year for federal income tax purposes,  
8 taxable income determined as if such corporation had  
9 filed a separate return for federal income tax purposes  
10 for the taxable year and each preceding taxable year  
11 for which it was a member of an affiliated group. For  
12 purposes of this subparagraph, the taxpayer's separate  
13 taxable income shall be determined as if the election  
14 provided by Section 243(b) (2) of the Internal Revenue  
15 Code had been in effect for all such years;

16 (F) Cooperatives. In the case of a cooperative  
17 corporation or association, the taxable income of such  
18 organization determined in accordance with the  
19 provisions of Section 1381 through 1388 of the Internal  
20 Revenue Code, but without regard to the prohibition  
21 against offsetting losses from patronage activities  
22 against income from nonpatronage activities; except  
23 that a cooperative corporation or association may make  
24 an election to follow its federal income tax treatment  
25 of patronage losses and nonpatronage losses. In the  
26 event such election is made, such losses shall be

1           computed and carried over in a manner consistent with  
2           subsection (a) of Section 207 of this Act and  
3           apportioned by the apportionment factor reported by  
4           the cooperative on its Illinois income tax return filed  
5           for the taxable year in which the losses are incurred.  
6           The election shall be effective for all taxable years  
7           with original returns due on or after the date of the  
8           election. In addition, the cooperative may file an  
9           amended return or returns, as allowed under this Act,  
10          to provide that the election shall be effective for  
11          losses incurred or carried forward for taxable years  
12          occurring prior to the date of the election. Once made,  
13          the election may only be revoked upon approval of the  
14          Director. The Department shall adopt rules setting  
15          forth requirements for documenting the elections and  
16          any resulting Illinois net loss and the standards to be  
17          used by the Director in evaluating requests to revoke  
18          elections. Public Act 96-932 is declaratory of  
19          existing law;

20                 (G) Subchapter S corporations. In the case of: (i)  
21                 a Subchapter S corporation for which there is in effect  
22                 an election for the taxable year under Section 1362 of  
23                 the Internal Revenue Code, the taxable income of such  
24                 corporation determined in accordance with Section  
25                 1363(b) of the Internal Revenue Code, except that  
26                 taxable income shall take into account those items

1           which are required by Section 1363(b)(1) of the  
2           Internal Revenue Code to be separately stated; and (ii)  
3           a Subchapter S corporation for which there is in effect  
4           a federal election to opt out of the provisions of the  
5           Subchapter S Revision Act of 1982 and have applied  
6           instead the prior federal Subchapter S rules as in  
7           effect on July 1, 1982, the taxable income of such  
8           corporation determined in accordance with the federal  
9           Subchapter S rules as in effect on July 1, 1982; and

10           (H) Partnerships. In the case of a partnership,  
11           taxable income determined in accordance with Section  
12           703 of the Internal Revenue Code, except that taxable  
13           income shall take into account those items which are  
14           required by Section 703(a)(1) to be separately stated  
15           but which would be taken into account by an individual  
16           in calculating his taxable income.

17           (3) Recapture of business expenses on disposition of  
18           asset or business. Notwithstanding any other law to the  
19           contrary, if in prior years income from an asset or  
20           business has been classified as business income and in a  
21           later year is demonstrated to be non-business income, then  
22           all expenses, without limitation, deducted in such later  
23           year and in the 2 immediately preceding taxable years  
24           related to that asset or business that generated the  
25           non-business income shall be added back and recaptured as  
26           business income in the year of the disposition of the asset

1 or business. Such amount shall be apportioned to Illinois  
2 using the greater of the apportionment fraction computed  
3 for the business under Section 304 of this Act for the  
4 taxable year or the average of the apportionment fractions  
5 computed for the business under Section 304 of this Act for  
6 the taxable year and for the 2 immediately preceding  
7 taxable years.

8 (f) Valuation limitation amount.

9 (1) In general. The valuation limitation amount  
10 referred to in subsections (a) (2) (G), (c) (2) (I) and  
11 (d) (2) (E) is an amount equal to:

12 (A) The sum of the pre-August 1, 1969 appreciation  
13 amounts (to the extent consisting of gain reportable  
14 under the provisions of Section 1245 or 1250 of the  
15 Internal Revenue Code) for all property in respect of  
16 which such gain was reported for the taxable year; plus

17 (B) The lesser of (i) the sum of the pre-August 1,  
18 1969 appreciation amounts (to the extent consisting of  
19 capital gain) for all property in respect of which such  
20 gain was reported for federal income tax purposes for  
21 the taxable year, or (ii) the net capital gain for the  
22 taxable year, reduced in either case by any amount of  
23 such gain included in the amount determined under  
24 subsection (a) (2) (F) or (c) (2) (H).

25 (2) Pre-August 1, 1969 appreciation amount.

1 (A) If the fair market value of property referred  
2 to in paragraph (1) was readily ascertainable on August  
3 1, 1969, the pre-August 1, 1969 appreciation amount for  
4 such property is the lesser of (i) the excess of such  
5 fair market value over the taxpayer's basis (for  
6 determining gain) for such property on that date  
7 (determined under the Internal Revenue Code as in  
8 effect on that date), or (ii) the total gain realized  
9 and reportable for federal income tax purposes in  
10 respect of the sale, exchange or other disposition of  
11 such property.

12 (B) If the fair market value of property referred  
13 to in paragraph (1) was not readily ascertainable on  
14 August 1, 1969, the pre-August 1, 1969 appreciation  
15 amount for such property is that amount which bears the  
16 same ratio to the total gain reported in respect of the  
17 property for federal income tax purposes for the  
18 taxable year, as the number of full calendar months in  
19 that part of the taxpayer's holding period for the  
20 property ending July 31, 1969 bears to the number of  
21 full calendar months in the taxpayer's entire holding  
22 period for the property.

23 (C) The Department shall prescribe such  
24 regulations as may be necessary to carry out the  
25 purposes of this paragraph.

1           (g) Double deductions. Unless specifically provided  
2 otherwise, nothing in this Section shall permit the same item  
3 to be deducted more than once.

4           (h) Legislative intention. Except as expressly provided by  
5 this Section there shall be no modifications or limitations on  
6 the amounts of income, gain, loss or deduction taken into  
7 account in determining gross income, adjusted gross income or  
8 taxable income for federal income tax purposes for the taxable  
9 year, or in the amount of such items entering into the  
10 computation of base income and net income under this Act for  
11 such taxable year, whether in respect of property values as of  
12 August 1, 1969 or otherwise.

13           (Source: P.A. 96-45, eff. 7-15-09; 96-120, eff. 8-4-09; 96-198,  
14 eff. 8-10-09; 96-328, eff. 8-11-09; 96-520, eff. 8-14-09;  
15 96-835, eff. 12-16-09; 96-932, eff. 1-1-11; 96-935, eff.  
16 6-21-10; 96-1214, eff. 7-22-10; 97-333, eff. 8-12-11; 97-507,  
17 eff. 8-23-11.)

18           (35 ILCS 5/204) (from Ch. 120, par. 2-204)

19           Sec. 204. Standard Exemption.

20           (a) Allowance of exemption. In computing net income under  
21 this Act, there shall be allowed as an exemption the sum of the  
22 amounts determined under subsections (b), (c) and (d),  
23 multiplied by a fraction the numerator of which is the amount  
24 of the taxpayer's base income allocable to this State for the

1 taxable year and the denominator of which is the taxpayer's  
2 total base income for the taxable year.

3 (b) Basic amount. For the purpose of subsection (a) of this  
4 Section, except as provided by subsection (a) of Section 205  
5 and in this subsection, each taxpayer shall be allowed a basic  
6 amount of \$1000, except that for corporations the basic amount  
7 shall be zero for tax years ending on or after December 31,  
8 2003, and for individuals the basic amount shall be:

9 (1) for taxable years ending on or after December 31,  
10 1998 and prior to December 31, 1999, \$1,300;

11 (2) for taxable years ending on or after December 31,  
12 1999 and prior to December 31, 2000, \$1,650;

13 (3) for taxable years ending on or after December 31,  
14 2000 and prior to December 31, 2012, \$2,000; ~~7~~

15 (4) for taxable years ending on or after December 31,  
16 2012, \$2,000 plus the cost-of-living adjustment under  
17 subsection (d-5).

18 For taxable years ending on or after December 31, 1992, a  
19 taxpayer whose Illinois base income exceeds the basic amount  
20 and who is claimed as a dependent on another person's tax  
21 return under the Internal Revenue Code shall not be allowed any  
22 basic amount under this subsection.

23 (c) Additional amount for individuals. In the case of an  
24 individual taxpayer, there shall be allowed for the purpose of  
25 subsection (a), in addition to the basic amount provided by  
26 subsection (b), an additional exemption equal to the basic

1 amount for each exemption in excess of one allowable to such  
2 individual taxpayer for the taxable year under Section 151 of  
3 the Internal Revenue Code.

4 (d) Additional exemptions for an individual taxpayer and  
5 his or her spouse. In the case of an individual taxpayer and  
6 his or her spouse, he or she shall each be allowed additional  
7 exemptions as follows:

8 (1) Additional exemption for taxpayer or spouse 65  
9 years of age or older.

10 (A) For taxpayer. An additional exemption of  
11 \$1,000 for the taxpayer if he or she has attained the  
12 age of 65 before the end of the taxable year.

13 (B) For spouse when a joint return is not filed. An  
14 additional exemption of \$1,000 for the spouse of the  
15 taxpayer if a joint return is not made by the taxpayer  
16 and his spouse, and if the spouse has attained the age  
17 of 65 before the end of such taxable year, and, for the  
18 calendar year in which the taxable year of the taxpayer  
19 begins, has no gross income and is not the dependent of  
20 another taxpayer.

21 (2) Additional exemption for blindness of taxpayer or  
22 spouse.

23 (A) For taxpayer. An additional exemption of  
24 \$1,000 for the taxpayer if he or she is blind at the  
25 end of the taxable year.

26 (B) For spouse when a joint return is not filed. An

1 additional exemption of \$1,000 for the spouse of the  
2 taxpayer if a separate return is made by the taxpayer,  
3 and if the spouse is blind and, for the calendar year  
4 in which the taxable year of the taxpayer begins, has  
5 no gross income and is not the dependent of another  
6 taxpayer. For purposes of this paragraph, the  
7 determination of whether the spouse is blind shall be  
8 made as of the end of the taxable year of the taxpayer;  
9 except that if the spouse dies during such taxable year  
10 such determination shall be made as of the time of such  
11 death.

12 (C) Blindness defined. For purposes of this  
13 subsection, an individual is blind only if his or her  
14 central visual acuity does not exceed 20/200 in the  
15 better eye with correcting lenses, or if his or her  
16 visual acuity is greater than 20/200 but is accompanied  
17 by a limitation in the fields of vision such that the  
18 widest diameter of the visual fields subtends an angle  
19 no greater than 20 degrees.

20 (d-5) Cost-of-living adjustment. For purposes of item (4)  
21 of subsection (b), the cost-of-living adjustment for any  
22 calendar year and for taxable years ending prior to the end of  
23 the subsequent calendar year is equal to \$2,000 times the  
24 percentage (if any) by which:

25 (1) the Consumer Price Index for the preceding calendar  
26 year, exceeds

1           (2) the Consumer Price Index for the calendar year  
2           2010.

3           The Consumer Price Index for any calendar year is the  
4           average of the Consumer Price Index as of the close of the  
5           12-month period ending on August 31 of that calendar year.

6           The term "Consumer Price Index" means the last Consumer  
7           Price Index for All Urban Consumers published by the United  
8           States Department of Labor or any successor agency.

9           If any cost-of-living adjustment is not a multiple of \$25,  
10           that adjustment shall be rounded to the next lowest multiple of  
11           \$25.

12           (e) Cross reference. See Article 3 for the manner of  
13 determining base income allocable to this State.

14           (f) Application of Section 250. Section 250 does not apply  
15 to the amendments to this Section made by Public Act 90-613.

16           (Source: P.A. 97-507, eff. 8-23-11.)

17           (35 ILCS 5/207) (from Ch. 120, par. 2-207)

18           Sec. 207. Net Losses.

19           (a) If after applying all of the (i) modifications provided  
20 for in paragraph (2) of Section 203(b), paragraph (2) of  
21 Section 203(c) and paragraph (2) of Section 203(d) and (ii) the  
22 allocation and apportionment provisions of Article 3 of this  
23 Act and subsection (c) of this Section, the taxpayer's net  
24 income results in a loss;

25           (1) for any taxable year ending prior to December 31,

1 1999, such loss shall be allowed as a carryover or  
2 carryback deduction in the manner allowed under Section 172  
3 of the Internal Revenue Code;

4 (2) for any taxable year ending on or after December  
5 31, 1999 and prior to December 31, 2003, such loss shall be  
6 allowed as a carryback to each of the 2 taxable years  
7 preceding the taxable year of such loss and shall be a net  
8 operating loss carryover to each of the 20 taxable years  
9 following the taxable year of such loss; and

10 (3) for any taxable year ending on or after December  
11 31, 2003, such loss shall be allowed as a net operating  
12 loss carryover to each of the 12 taxable years following  
13 the taxable year of such loss, except as provided in  
14 subsection (d).

15 (a-5) Election to relinquish carryback and order of  
16 application of losses.

17 (A) For losses incurred in tax years ending prior  
18 to December 31, 2003, the taxpayer may elect to  
19 relinquish the entire carryback period with respect to  
20 such loss. Such election shall be made in the form and  
21 manner prescribed by the Department and shall be made  
22 by the due date (including extensions of time) for  
23 filing the taxpayer's return for the taxable year in  
24 which such loss is incurred, and such election, once  
25 made, shall be irrevocable.

26 (B) The entire amount of such loss shall be carried

1 to the earliest taxable year to which such loss may be  
2 carried. The amount of such loss which shall be carried  
3 to each of the other taxable years shall be the excess,  
4 if any, of the amount of such loss over the sum of the  
5 deductions for carryback or carryover of such loss  
6 allowable for each of the prior taxable years to which  
7 such loss may be carried.

8 (b) Any loss determined under subsection (a) of this  
9 Section must be carried back or carried forward in the same  
10 manner for purposes of subsections (a) and (b) of Section 201  
11 of this Act as for purposes of subsections (c) and (d) of  
12 Section 201 of this Act.

13 (c) Notwithstanding any other provision of this Act, for  
14 each taxable year ending on or after December 31, 2008, for  
15 purposes of computing the loss for the taxable year under  
16 subsection (a) of this Section and the deduction taken into  
17 account for the taxable year for a net operating loss carryover  
18 under paragraphs (1), (2), and (3) of subsection (a) of this  
19 Section, the loss and net operating loss carryover shall be  
20 reduced in an amount equal to the reduction to the net  
21 operating loss and net operating loss carryover to the taxable  
22 year, respectively, required under Section 108(b)(2)(A) of the  
23 Internal Revenue Code, multiplied by a fraction, the numerator  
24 of which is the amount of discharge of indebtedness income that  
25 is excluded from gross income for the taxable year (but only if  
26 the taxable year ends on or after December 31, 2008) under

1 Section 108(a) of the Internal Revenue Code and that would have  
2 been allocated and apportioned to this State under Article 3 of  
3 this Act but for that exclusion, and the denominator of which  
4 is the total amount of discharge of indebtedness income  
5 excluded from gross income under Section 108(a) of the Internal  
6 Revenue Code for the taxable year. The reduction required under  
7 this subsection (c) shall be made after the determination of  
8 Illinois net income for the taxable year in which the  
9 indebtedness is discharged.

10 (d) In the case of a corporation (other than a Subchapter S  
11 corporation), no carryover deduction shall be allowed under  
12 this Section for any taxable year ending after December 31,  
13 2010 and prior to December 31, 2012 ~~December 31, 2014~~; provided  
14 that, for purposes of determining the taxable years to which a  
15 net loss may be carried under subsection (a) of this Section,  
16 no taxable year for which a deduction is disallowed under this  
17 subsection shall be counted.

18 (e) In the case of a residual interest holder in a real  
19 estate mortgage investment conduit subject to Section 860E of  
20 the Internal Revenue Code, the net loss in subsection (a) shall  
21 be equal to:

22 (1) the amount computed under subsection (a), without  
23 regard to this subsection (e), or if that amount is  
24 positive, zero;

25 (2) minus an amount equal to the amount computed under  
26 subsection (a), without regard to this subsection (e),

1 minus the amount that would be computed under subsection  
2 (a) if the taxpayer's federal taxable income were computed  
3 without regard to Section 860E of the Internal Revenue Code  
4 and without regard to this subsection (e).

5 The modification in this subsection (e) is exempt from the  
6 provisions of Section 250.

7 (Source: P.A. 96-1496, eff. 1-13-11; 97-507, eff. 8-23-11.)

8 (35 ILCS 5/212)

9 Sec. 212. Earned income tax credit.

10 (a) With respect to the federal earned income tax credit  
11 allowed for the taxable year under Section 32 of the federal  
12 Internal Revenue Code, 26 U.S.C. 32, each individual taxpayer  
13 is entitled to a credit against the tax imposed by subsections  
14 (a) and (b) of Section 201 in an amount equal to 5% of the  
15 federal tax credit for each taxable year beginning on or after  
16 January 1, 2000 and ending prior to December 31, 2012; (ii) 10%  
17 of the federal tax credit for each taxable year beginning on or  
18 after January 1, 2012 and ending prior to December 31, 2013;  
19 and (iii) 15% of the federal tax credit for each taxable year  
20 beginning on or after January 1, 2013.

21 For a non-resident or part-year resident, the amount of the  
22 credit under this Section shall be in proportion to the amount  
23 of income attributable to this State.

24 (b) For taxable years beginning before January 1, 2003, in  
25 no event shall a credit under this Section reduce the

1 taxpayer's liability to less than zero. For each taxable year  
2 beginning on or after January 1, 2003, if the amount of the  
3 credit exceeds the income tax liability for the applicable tax  
4 year, then the excess credit shall be refunded to the taxpayer.  
5 The amount of a refund shall not be included in the taxpayer's  
6 income or resources for the purposes of determining eligibility  
7 or benefit level in any means-tested benefit program  
8 administered by a governmental entity unless required by  
9 federal law.

10 (c) This Section is exempt from the provisions of Section  
11 250.

12 (Source: P.A. 95-333, eff. 8-21-07.)

13 (35 ILCS 5/304) (from Ch. 120, par. 3-304)

14 Sec. 304. Business income of persons other than residents.

15 (a) In general. The business income of a person other than  
16 a resident shall be allocated to this State if such person's  
17 business income is derived solely from this State. If a person  
18 other than a resident derives business income from this State  
19 and one or more other states, then, for tax years ending on or  
20 before December 30, 1998, and except as otherwise provided by  
21 this Section, such person's business income shall be  
22 apportioned to this State by multiplying the income by a  
23 fraction, the numerator of which is the sum of the property  
24 factor (if any), the payroll factor (if any) and 200% of the  
25 sales factor (if any), and the denominator of which is 4

1 reduced by the number of factors other than the sales factor  
2 which have a denominator of zero and by an additional 2 if the  
3 sales factor has a denominator of zero. For tax years ending on  
4 or after December 31, 1998, and except as otherwise provided by  
5 this Section, persons other than residents who derive business  
6 income from this State and one or more other states shall  
7 compute their apportionment factor by weighting their  
8 property, payroll, and sales factors as provided in subsection  
9 (h) of this Section.

10 (1) Property factor.

11 (A) The property factor is a fraction, the numerator of  
12 which is the average value of the person's real and  
13 tangible personal property owned or rented and used in the  
14 trade or business in this State during the taxable year and  
15 the denominator of which is the average value of all the  
16 person's real and tangible personal property owned or  
17 rented and used in the trade or business during the taxable  
18 year.

19 (B) Property owned by the person is valued at its  
20 original cost. Property rented by the person is valued at 8  
21 times the net annual rental rate. Net annual rental rate is  
22 the annual rental rate paid by the person less any annual  
23 rental rate received by the person from sub-rentals.

24 (C) The average value of property shall be determined  
25 by averaging the values at the beginning and ending of the  
26 taxable year but the Director may require the averaging of

1 monthly values during the taxable year if reasonably  
2 required to reflect properly the average value of the  
3 person's property.

4 (2) Payroll factor.

5 (A) The payroll factor is a fraction, the numerator of  
6 which is the total amount paid in this State during the  
7 taxable year by the person for compensation, and the  
8 denominator of which is the total compensation paid  
9 everywhere during the taxable year.

10 (B) Compensation is paid in this State if:

11 (i) The individual's service is performed entirely  
12 within this State;

13 (ii) The individual's service is performed both  
14 within and without this State, but the service  
15 performed without this State is incidental to the  
16 individual's service performed within this State; or

17 (iii) Some of the service is performed within this  
18 State and either the base of operations, or if there is  
19 no base of operations, the place from which the service  
20 is directed or controlled is within this State, or the  
21 base of operations or the place from which the service  
22 is directed or controlled is not in any state in which  
23 some part of the service is performed, but the  
24 individual's residence is in this State.

25 (iv) Compensation paid to nonresident professional  
26 athletes.

1           (a) General. The Illinois source income of a  
2 nonresident individual who is a member of a  
3 professional athletic team includes the portion of the  
4 individual's total compensation for services performed  
5 as a member of a professional athletic team during the  
6 taxable year which the number of duty days spent within  
7 this State performing services for the team in any  
8 manner during the taxable year bears to the total  
9 number of duty days spent both within and without this  
10 State during the taxable year.

11           (b) Travel days. Travel days that do not involve  
12 either a game, practice, team meeting, or other similar  
13 team event are not considered duty days spent in this  
14 State. However, such travel days are considered in the  
15 total duty days spent both within and without this  
16 State.

17           (c) Definitions. For purposes of this subpart  
18 (iv):

19           (1) The term "professional athletic team"  
20 includes, but is not limited to, any professional  
21 baseball, basketball, football, soccer, or hockey  
22 team.

23           (2) The term "member of a professional  
24 athletic team" includes those employees who are  
25 active players, players on the disabled list, and  
26 any other persons required to travel and who travel

1 with and perform services on behalf of a  
2 professional athletic team on a regular basis.  
3 This includes, but is not limited to, coaches,  
4 managers, and trainers.

5 (3) Except as provided in items (C) and (D) of  
6 this subpart (3), the term "duty days" means all  
7 days during the taxable year from the beginning of  
8 the professional athletic team's official  
9 pre-season training period through the last game  
10 in which the team competes or is scheduled to  
11 compete. Duty days shall be counted for the year in  
12 which they occur, including where a team's  
13 official pre-season training period through the  
14 last game in which the team competes or is  
15 scheduled to compete, occurs during more than one  
16 tax year.

17 (A) Duty days shall also include days on  
18 which a member of a professional athletic team  
19 performs service for a team on a date that does  
20 not fall within the foregoing period (e.g.,  
21 participation in instructional leagues, the  
22 "All Star Game", or promotional "caravans").  
23 Performing a service for a professional  
24 athletic team includes conducting training and  
25 rehabilitation activities, when such  
26 activities are conducted at team facilities.

1           (B) Also included in duty days are game  
2           days, practice days, days spent at team  
3           meetings, promotional caravans, preseason  
4           training camps, and days served with the team  
5           through all post-season games in which the team  
6           competes or is scheduled to compete.

7           (C) Duty days for any person who joins a  
8           team during the period from the beginning of  
9           the professional athletic team's official  
10          pre-season training period through the last  
11          game in which the team competes, or is  
12          scheduled to compete, shall begin on the day  
13          that person joins the team. Conversely, duty  
14          days for any person who leaves a team during  
15          this period shall end on the day that person  
16          leaves the team. Where a person switches teams  
17          during a taxable year, a separate duty-day  
18          calculation shall be made for the period the  
19          person was with each team.

20          (D) Days for which a member of a  
21          professional athletic team is not compensated  
22          and is not performing services for the team in  
23          any manner, including days when such member of  
24          a professional athletic team has been  
25          suspended without pay and prohibited from  
26          performing any services for the team, shall not

1 be treated as duty days.

2 (E) Days for which a member of a  
3 professional athletic team is on the disabled  
4 list and does not conduct rehabilitation  
5 activities at facilities of the team, and is  
6 not otherwise performing services for the team  
7 in Illinois, shall not be considered duty days  
8 spent in this State. All days on the disabled  
9 list, however, are considered to be included in  
10 total duty days spent both within and without  
11 this State.

12 (4) The term "total compensation for services  
13 performed as a member of a professional athletic  
14 team" means the total compensation received during  
15 the taxable year for services performed:

16 (A) from the beginning of the official  
17 pre-season training period through the last  
18 game in which the team competes or is scheduled  
19 to compete during that taxable year; and

20 (B) during the taxable year on a date which  
21 does not fall within the foregoing period  
22 (e.g., participation in instructional leagues,  
23 the "All Star Game", or promotional caravans).

24 This compensation shall include, but is not  
25 limited to, salaries, wages, bonuses as described  
26 in this subpart, and any other type of compensation

1           paid during the taxable year to a member of a  
2           professional athletic team for services performed  
3           in that year. This compensation does not include  
4           strike benefits, severance pay, termination pay,  
5           contract or option year buy-out payments,  
6           expansion or relocation payments, or any other  
7           payments not related to services performed for the  
8           team.

9           For purposes of this subparagraph, "bonuses"  
10          included in "total compensation for services  
11          performed as a member of a professional athletic  
12          team" subject to the allocation described in  
13          Section 302(c)(1) are: bonuses earned as a result  
14          of play (i.e., performance bonuses) during the  
15          season, including bonuses paid for championship,  
16          playoff or "bowl" games played by a team, or for  
17          selection to all-star league or other honorary  
18          positions; and bonuses paid for signing a  
19          contract, unless the payment of the signing bonus  
20          is not conditional upon the signee playing any  
21          games for the team or performing any subsequent  
22          services for the team or even making the team, the  
23          signing bonus is payable separately from the  
24          salary and any other compensation, and the signing  
25          bonus is nonrefundable.

26          (3) Sales factor.

1           (A) The sales factor is a fraction, the numerator of  
2           which is the total sales of the person in this State during  
3           the taxable year, and the denominator of which is the total  
4           sales of the person everywhere during the taxable year.

5           (B) Sales of tangible personal property are in this  
6           State if:

7                 (i) The property is delivered or shipped to a  
8                 purchaser, other than the United States government,  
9                 within this State regardless of the f. o. b. point or  
10                other conditions of the sale; or

11               (ii) The property is shipped from an office, store,  
12               warehouse, factory or other place of storage in this  
13               State and either the purchaser is the United States  
14               government or the person is not taxable in the state of  
15               the purchaser; provided, however, that premises owned  
16               or leased by a person who has independently contracted  
17               with the seller for the printing of newspapers,  
18               periodicals or books shall not be deemed to be an  
19               office, store, warehouse, factory or other place of  
20               storage for purposes of this Section. Sales of tangible  
21               personal property are not in this State if the seller  
22               and purchaser would be members of the same unitary  
23               business group but for the fact that either the seller  
24               or purchaser is a person with 80% or more of total  
25               business activity outside of the United States and the  
26               property is purchased for resale.

1 (B-1) Patents, copyrights, trademarks, and similar  
2 items of intangible personal property.

3 (i) Gross receipts from the licensing, sale, or  
4 other disposition of a patent, copyright, trademark,  
5 or similar item of intangible personal property, other  
6 than gross receipts governed by paragraph (B-7) of this  
7 item (3), are in this State to the extent the item is  
8 utilized in this State during the year the gross  
9 receipts are included in gross income.

10 (ii) Place of utilization.

11 (I) A patent is utilized in a state to the  
12 extent that it is employed in production,  
13 fabrication, manufacturing, or other processing in  
14 the state or to the extent that a patented product  
15 is produced in the state. If a patent is utilized  
16 in more than one state, the extent to which it is  
17 utilized in any one state shall be a fraction equal  
18 to the gross receipts of the licensee or purchaser  
19 from sales or leases of items produced,  
20 fabricated, manufactured, or processed within that  
21 state using the patent and of patented items  
22 produced within that state, divided by the total of  
23 such gross receipts for all states in which the  
24 patent is utilized.

25 (II) A copyright is utilized in a state to the  
26 extent that printing or other publication

1 originates in the state. If a copyright is utilized  
2 in more than one state, the extent to which it is  
3 utilized in any one state shall be a fraction equal  
4 to the gross receipts from sales or licenses of  
5 materials printed or published in that state  
6 divided by the total of such gross receipts for all  
7 states in which the copyright is utilized.

8 (III) Trademarks and other items of intangible  
9 personal property governed by this paragraph (B-1)  
10 are utilized in the state in which the commercial  
11 domicile of the licensee or purchaser is located.

12 (iii) If the state of utilization of an item of  
13 property governed by this paragraph (B-1) cannot be  
14 determined from the taxpayer's books and records or  
15 from the books and records of any person related to the  
16 taxpayer within the meaning of Section 267(b) of the  
17 Internal Revenue Code, 26 U.S.C. 267, the gross  
18 receipts attributable to that item shall be excluded  
19 from both the numerator and the denominator of the  
20 sales factor.

21 (B-2) Gross receipts from the license, sale, or other  
22 disposition of patents, copyrights, trademarks, and  
23 similar items of intangible personal property, other than  
24 gross receipts governed by paragraph (B-7) of this item  
25 (3), may be included in the numerator or denominator of the  
26 sales factor only if gross receipts from licenses, sales,

1 or other disposition of such items comprise more than 50%  
2 of the taxpayer's total gross receipts included in gross  
3 income during the tax year and during each of the 2  
4 immediately preceding tax years; provided that, when a  
5 taxpayer is a member of a unitary business group, such  
6 determination shall be made on the basis of the gross  
7 receipts of the entire unitary business group.

8 (B-5) For taxable years ending on or after December 31,  
9 2008, except as provided in subsections (ii) through (vii),  
10 receipts from the sale of telecommunications service or  
11 mobile telecommunications service are in this State if the  
12 customer's service address is in this State.

13 (i) For purposes of this subparagraph (B-5), the  
14 following terms have the following meanings:

15 "Ancillary services" means services that are  
16 associated with or incidental to the provision of  
17 "telecommunications services", including but not  
18 limited to "detailed telecommunications billing",  
19 "directory assistance", "vertical service", and "voice  
20 mail services".

21 "Air-to-Ground Radiotelephone service" means a  
22 radio service, as that term is defined in 47 CFR 22.99,  
23 in which common carriers are authorized to offer and  
24 provide radio telecommunications service for hire to  
25 subscribers in aircraft.

26 "Call-by-call Basis" means any method of charging

1 for telecommunications services where the price is  
2 measured by individual calls.

3 "Communications Channel" means a physical or  
4 virtual path of communications over which signals are  
5 transmitted between or among customer channel  
6 termination points.

7 "Conference bridging service" means an "ancillary  
8 service" that links two or more participants of an  
9 audio or video conference call and may include the  
10 provision of a telephone number. "Conference bridging  
11 service" does not include the "telecommunications  
12 services" used to reach the conference bridge.

13 "Customer Channel Termination Point" means the  
14 location where the customer either inputs or receives  
15 the communications.

16 "Detailed telecommunications billing service"  
17 means an "ancillary service" of separately stating  
18 information pertaining to individual calls on a  
19 customer's billing statement.

20 "Directory assistance" means an "ancillary  
21 service" of providing telephone number information,  
22 and/or address information.

23 "Home service provider" means the facilities based  
24 carrier or reseller with which the customer contracts  
25 for the provision of mobile telecommunications  
26 services.

1 "Mobile telecommunications service" means  
2 commercial mobile radio service, as defined in Section  
3 20.3 of Title 47 of the Code of Federal Regulations as  
4 in effect on June 1, 1999.

5 "Place of primary use" means the street address  
6 representative of where the customer's use of the  
7 telecommunications service primarily occurs, which  
8 must be the residential street address or the primary  
9 business street address of the customer. In the case of  
10 mobile telecommunications services, "place of primary  
11 use" must be within the licensed service area of the  
12 home service provider.

13 "Post-paid telecommunication service" means the  
14 telecommunications service obtained by making a  
15 payment on a call-by-call basis either through the use  
16 of a credit card or payment mechanism such as a bank  
17 card, travel card, credit card, or debit card, or by  
18 charge made to a telephone number which is not  
19 associated with the origination or termination of the  
20 telecommunications service. A post-paid calling  
21 service includes telecommunications service, except a  
22 prepaid wireless calling service, that would be a  
23 prepaid calling service except it is not exclusively a  
24 telecommunication service.

25 "Prepaid telecommunication service" means the  
26 right to access exclusively telecommunications

1 services, which must be paid for in advance and which  
2 enables the origination of calls using an access number  
3 or authorization code, whether manually or  
4 electronically dialed, and that is sold in  
5 predetermined units or dollars of which the number  
6 declines with use in a known amount.

7 "Prepaid Mobile telecommunication service" means a  
8 telecommunications service that provides the right to  
9 utilize mobile wireless service as well as other  
10 non-telecommunication services, including but not  
11 limited to ancillary services, which must be paid for  
12 in advance that is sold in predetermined units or  
13 dollars of which the number declines with use in a  
14 known amount.

15 "Private communication service" means a  
16 telecommunication service that entitles the customer  
17 to exclusive or priority use of a communications  
18 channel or group of channels between or among  
19 termination points, regardless of the manner in which  
20 such channel or channels are connected, and includes  
21 switching capacity, extension lines, stations, and any  
22 other associated services that are provided in  
23 connection with the use of such channel or channels.

24 "Service address" means:

25 (a) The location of the telecommunications  
26 equipment to which a customer's call is charged and

1 from which the call originates or terminates,  
2 regardless of where the call is billed or paid;

3 (b) If the location in line (a) is not known,  
4 service address means the origination point of the  
5 signal of the telecommunications services first  
6 identified by either the seller's  
7 telecommunications system or in information  
8 received by the seller from its service provider  
9 where the system used to transport such signals is  
10 not that of the seller; and

11 (c) If the locations in line (a) and line (b)  
12 are not known, the service address means the  
13 location of the customer's place of primary use.

14 "Telecommunications service" means the electronic  
15 transmission, conveyance, or routing of voice, data,  
16 audio, video, or any other information or signals to a  
17 point, or between or among points. The term  
18 "telecommunications service" includes such  
19 transmission, conveyance, or routing in which computer  
20 processing applications are used to act on the form,  
21 code or protocol of the content for purposes of  
22 transmission, conveyance or routing without regard to  
23 whether such service is referred to as voice over  
24 Internet protocol services or is classified by the  
25 Federal Communications Commission as enhanced or value  
26 added. "Telecommunications service" does not include:

1           (a) Data processing and information services  
2           that allow data to be generated, acquired, stored,  
3           processed, or retrieved and delivered by an  
4           electronic transmission to a purchaser when such  
5           purchaser's primary purpose for the underlying  
6           transaction is the processed data or information;

7           (b) Installation or maintenance of wiring or  
8           equipment on a customer's premises;

9           (c) Tangible personal property;

10          (d) Advertising, including but not limited to  
11          directory advertising.

12          (e) Billing and collection services provided  
13          to third parties;

14          (f) Internet access service;

15          (g) Radio and television audio and video  
16          programming services, regardless of the medium,  
17          including the furnishing of transmission,  
18          conveyance and routing of such services by the  
19          programming service provider. Radio and television  
20          audio and video programming services shall include  
21          but not be limited to cable service as defined in  
22          47 USC 522(6) and audio and video programming  
23          services delivered by commercial mobile radio  
24          service providers, as defined in 47 CFR 20.3;

25          (h) "Ancillary services"; or

26          (i) Digital products "delivered

1           electronically", including but not limited to  
2           software, music, video, reading materials or ring  
3           tones.

4           "Vertical service" means an "ancillary service"  
5           that is offered in connection with one or more  
6           "telecommunications services", which offers advanced  
7           calling features that allow customers to identify  
8           callers and to manage multiple calls and call  
9           connections, including "conference bridging services".

10          "Voice mail service" means an "ancillary service"  
11          that enables the customer to store, send or receive  
12          recorded messages. "Voice mail service" does not  
13          include any "vertical services" that the customer may  
14          be required to have in order to utilize the "voice mail  
15          service".

16          (ii) Receipts from the sale of telecommunications  
17          service sold on an individual call-by-call basis are in  
18          this State if either of the following applies:

19                 (a) The call both originates and terminates in  
20                 this State.

21                 (b) The call either originates or terminates  
22                 in this State and the service address is located in  
23                 this State.

24          (iii) Receipts from the sale of postpaid  
25          telecommunications service at retail are in this State  
26          if the origination point of the telecommunication

1 signal, as first identified by the service provider's  
2 telecommunication system or as identified by  
3 information received by the seller from its service  
4 provider if the system used to transport  
5 telecommunication signals is not the seller's, is  
6 located in this State.

7 (iv) Receipts from the sale of prepaid  
8 telecommunications service or prepaid mobile  
9 telecommunications service at retail are in this State  
10 if the purchaser obtains the prepaid card or similar  
11 means of conveyance at a location in this State.  
12 Receipts from recharging a prepaid telecommunications  
13 service or mobile telecommunications service is in  
14 this State if the purchaser's billing information  
15 indicates a location in this State.

16 (v) Receipts from the sale of private  
17 communication services are in this State as follows:

18 (a) 100% of receipts from charges imposed at  
19 each channel termination point in this State.

20 (b) 100% of receipts from charges for the total  
21 channel mileage between each channel termination  
22 point in this State.

23 (c) 50% of the total receipts from charges for  
24 service segments when those segments are between 2  
25 customer channel termination points, 1 of which is  
26 located in this State and the other is located

1 outside of this State, which segments are  
2 separately charged.

3 (d) The receipts from charges for service  
4 segments with a channel termination point located  
5 in this State and in two or more other states, and  
6 which segments are not separately billed, are in  
7 this State based on a percentage determined by  
8 dividing the number of customer channel  
9 termination points in this State by the total  
10 number of customer channel termination points.

11 (vi) Receipts from charges for ancillary services  
12 for telecommunications service sold to customers at  
13 retail are in this State if the customer's primary  
14 place of use of telecommunications services associated  
15 with those ancillary services is in this State. If the  
16 seller of those ancillary services cannot determine  
17 where the associated telecommunications are located,  
18 then the ancillary services shall be based on the  
19 location of the purchaser.

20 (vii) Receipts to access a carrier's network or  
21 from the sale of telecommunication services or  
22 ancillary services for resale are in this State as  
23 follows:

24 (a) 100% of the receipts from access fees  
25 attributable to intrastate telecommunications  
26 service that both originates and terminates in

1           this State.

2           (b) 50% of the receipts from access fees  
3           attributable to interstate telecommunications  
4           service if the interstate call either originates  
5           or terminates in this State.

6           (c) 100% of the receipts from interstate end  
7           user access line charges, if the customer's  
8           service address is in this State. As used in this  
9           subdivision, "interstate end user access line  
10          charges" includes, but is not limited to, the  
11          surcharge approved by the federal communications  
12          commission and levied pursuant to 47 CFR 69.

13          (d) Gross receipts from sales of  
14          telecommunication services or from ancillary  
15          services for telecommunications services sold to  
16          other telecommunication service providers for  
17          resale shall be sourced to this State using the  
18          apportionment concepts used for non-resale  
19          receipts of telecommunications services if the  
20          information is readily available to make that  
21          determination. If the information is not readily  
22          available, then the taxpayer may use any other  
23          reasonable and consistent method.

24          (B-7) For taxable years ending on or after December 31,  
25          2008, receipts from the sale of broadcasting services are  
26          in this State if the broadcasting services are received in

1           this State. For purposes of this paragraph (B-7), the  
2           following terms have the following meanings:

3                   "Advertising revenue" means consideration received  
4           by the taxpayer in exchange for broadcasting services  
5           or allowing the broadcasting of commercials or  
6           announcements in connection with the broadcasting of  
7           film or radio programming, from sponsorships of the  
8           programming, or from product placements in the  
9           programming.

10                   "Audience factor" means the ratio that the  
11           audience or subscribers located in this State of a  
12           station, a network, or a cable system bears to the  
13           total audience or total subscribers for that station,  
14           network, or cable system. The audience factor for film  
15           or radio programming shall be determined by reference  
16           to the books and records of the taxpayer or by  
17           reference to published rating statistics provided the  
18           method used by the taxpayer is consistently used from  
19           year to year for this purpose and fairly represents the  
20           taxpayer's activity in this State.

21                   "Broadcast" or "broadcasting" or "broadcasting  
22           services" means the transmission or provision of film  
23           or radio programming, whether through the public  
24           airwaves, by cable, by direct or indirect satellite  
25           transmission, or by any other means of communication,  
26           either through a station, a network, or a cable system.

1 "Film" or "film programming" means the broadcast  
2 on television of any and all performances, events, or  
3 productions, including but not limited to news,  
4 sporting events, plays, stories, or other literary,  
5 commercial, educational, or artistic works, either  
6 live or through the use of video tape, disc, or any  
7 other type of format or medium. Each episode of a  
8 series of films produced for television shall  
9 constitute separate "film" notwithstanding that the  
10 series relates to the same principal subject and is  
11 produced during one or more tax periods.

12 "Radio" or "radio programming" means the broadcast  
13 on radio of any and all performances, events, or  
14 productions, including but not limited to news,  
15 sporting events, plays, stories, or other literary,  
16 commercial, educational, or artistic works, either  
17 live or through the use of an audio tape, disc, or any  
18 other format or medium. Each episode in a series of  
19 radio programming produced for radio broadcast shall  
20 constitute a separate "radio programming"  
21 notwithstanding that the series relates to the same  
22 principal subject and is produced during one or more  
23 tax periods.

24 (i) In the case of advertising revenue from  
25 broadcasting, the customer is the advertiser and  
26 the service is received in this State if the

1 commercial domicile of the advertiser is in this  
2 State.

3 (ii) In the case where film or radio  
4 programming is broadcast by a station, a network,  
5 or a cable system for a fee or other remuneration  
6 received from the recipient of the broadcast, the  
7 portion of the service that is received in this  
8 State is measured by the portion of the recipients  
9 of the broadcast located in this State.  
10 Accordingly, the fee or other remuneration for  
11 such service that is included in the Illinois  
12 numerator of the sales factor is the total of those  
13 fees or other remuneration received from  
14 recipients in Illinois. For purposes of this  
15 paragraph, a taxpayer may determine the location  
16 of the recipients of its broadcast using the  
17 address of the recipient shown in its contracts  
18 with the recipient or using the billing address of  
19 the recipient in the taxpayer's records.

20 (iii) In the case where film or radio  
21 programming is broadcast by a station, a network,  
22 or a cable system for a fee or other remuneration  
23 from the person providing the programming, the  
24 portion of the broadcast service that is received  
25 by such station, network, or cable system in this  
26 State is measured by the portion of recipients of

1           the broadcast located in this State. Accordingly,  
2           the amount of revenue related to such an  
3           arrangement that is included in the Illinois  
4           numerator of the sales factor is the total fee or  
5           other total remuneration from the person providing  
6           the programming related to that broadcast  
7           multiplied by the Illinois audience factor for  
8           that broadcast.

9           (iv) In the case where film or radio  
10          programming is provided by a taxpayer that is a  
11          network or station to a customer for broadcast in  
12          exchange for a fee or other remuneration from that  
13          customer the broadcasting service is received at  
14          the location of the office of the customer from  
15          which the services were ordered in the regular  
16          course of the customer's trade or business.  
17          Accordingly, in such a case the revenue derived by  
18          the taxpayer that is included in the taxpayer's  
19          Illinois numerator of the sales factor is the  
20          revenue from such customers who receive the  
21          broadcasting service in Illinois.

22          (v) In the case where film or radio programming  
23          is provided by a taxpayer that is not a network or  
24          station to another person for broadcasting in  
25          exchange for a fee or other remuneration from that  
26          person, the broadcasting service is received at

1           the location of the office of the customer from  
2           which the services were ordered in the regular  
3           course of the customer's trade or business.  
4           Accordingly, in such a case the revenue derived by  
5           the taxpayer that is included in the taxpayer's  
6           Illinois numerator of the sales factor is the  
7           revenue from such customers who receive the  
8           broadcasting service in Illinois.

9           (C) For taxable years ending before December 31, 2008,  
10          sales, other than sales governed by paragraphs (B), (B-1),  
11          and (B-2), are in this State if:

12                 (i) The income-producing activity is performed in  
13                 this State; or

14                 (ii) The income-producing activity is performed  
15                 both within and without this State and a greater  
16                 proportion of the income-producing activity is  
17                 performed within this State than without this State,  
18                 based on performance costs.

19          (C-5) For taxable years ending on or after December 31,  
20          2008, sales, other than sales governed by paragraphs (B),  
21          (B-1), (B-2), (B-5), and (B-7), are in this State if any of  
22          the following criteria are met:

23                 (i) Sales from the sale or lease of real property  
24                 are in this State if the property is located in this  
25                 State.

26                 (ii) Sales from the lease or rental of tangible

1           personal property are in this State if the property is  
2           located in this State during the rental period. Sales  
3           from the lease or rental of tangible personal property  
4           that is characteristically moving property, including,  
5           but not limited to, motor vehicles, rolling stock,  
6           aircraft, vessels, or mobile equipment are in this  
7           State to the extent that the property is used in this  
8           State.

9           (iii) In the case of interest, net gains (but not  
10          less than zero) and other items of income from  
11          intangible personal property, the sale is in this State  
12          if:

13                 (a) in the case of a taxpayer who is a dealer  
14                 in the item of intangible personal property within  
15                 the meaning of Section 475 of the Internal Revenue  
16                 Code, the income or gain is received from a  
17                 customer in this State. For purposes of this  
18                 subparagraph, a customer is in this State if the  
19                 customer is an individual, trust or estate who is a  
20                 resident of this State and, for all other  
21                 customers, if the customer's commercial domicile  
22                 is in this State. Unless the dealer has actual  
23                 knowledge of the residence or commercial domicile  
24                 of a customer during a taxable year, the customer  
25                 shall be deemed to be a customer in this State if  
26                 the billing address of the customer, as shown in

1           the records of the dealer, is in this State; or

2           (b)     in     all     other     cases,     if     the  
3           income-producing activity of the taxpayer is  
4           performed in this State or, if the  
5           income-producing activity of the taxpayer is  
6           performed both within and without this State, if a  
7           greater proportion of the income-producing  
8           activity of the taxpayer is performed within this  
9           State than in any other state, based on performance  
10          costs.

11          (iv) Sales of services are in this State if the  
12          services are received in this State. For the purposes  
13          of this section, gross receipts from the performance of  
14          services provided to a corporation, partnership, or  
15          trust may only be attributed to a state where that  
16          corporation, partnership, or trust has a fixed place of  
17          business. If the state where the services are received  
18          is not readily determinable or is a state where the  
19          corporation, partnership, or trust receiving the  
20          service does not have a fixed place of business, the  
21          services shall be deemed to be received at the location  
22          of the office of the customer from which the services  
23          were ordered in the regular course of the customer's  
24          trade or business. If the ordering office cannot be  
25          determined, the services shall be deemed to be received  
26          at the office of the customer to which the services are

1 billed. If the taxpayer is not taxable in the state in  
2 which the services are received, the sale must be  
3 excluded from both the numerator and the denominator of  
4 the sales factor. The Department shall adopt rules  
5 prescribing where specific types of service are  
6 received, including, but not limited to, publishing,  
7 and utility service.

8 (D) For taxable years ending on or after December 31,  
9 1995, the following items of income shall not be included  
10 in the numerator or denominator of the sales factor:  
11 dividends; amounts included under Section 78 of the  
12 Internal Revenue Code; and Subpart F income as defined in  
13 Section 952 of the Internal Revenue Code. No inference  
14 shall be drawn from the enactment of this paragraph (D) in  
15 construing this Section for taxable years ending before  
16 December 31, 1995.

17 (E) Paragraphs (B-1) and (B-2) shall apply to tax years  
18 ending on or after December 31, 1999, provided that a  
19 taxpayer may elect to apply the provisions of these  
20 paragraphs to prior tax years. Such election shall be made  
21 in the form and manner prescribed by the Department, shall  
22 be irrevocable, and shall apply to all tax years; provided  
23 that, if a taxpayer's Illinois income tax liability for any  
24 tax year, as assessed under Section 903 prior to January 1,  
25 1999, was computed in a manner contrary to the provisions  
26 of paragraphs (B-1) or (B-2), no refund shall be payable to

1 the taxpayer for that tax year to the extent such refund is  
2 the result of applying the provisions of paragraph (B-1) or  
3 (B-2) retroactively. In the case of a unitary business  
4 group, such election shall apply to all members of such  
5 group for every tax year such group is in existence, but  
6 shall not apply to any taxpayer for any period during which  
7 that taxpayer is not a member of such group.

8 (b) Insurance companies.

9 (1) In general. Except as otherwise provided by  
10 paragraph (2), business income of an insurance company for  
11 a taxable year shall be apportioned to this State by  
12 multiplying such income by a fraction, the numerator of  
13 which is the direct premiums written for insurance upon  
14 property or risk in this State, and the denominator of  
15 which is the direct premiums written for insurance upon  
16 property or risk everywhere. For purposes of this  
17 subsection, the term "direct premiums written" means the  
18 total amount of direct premiums written, assessments and  
19 annuity considerations as reported for the taxable year on  
20 the annual statement filed by the company with the Illinois  
21 Director of Insurance in the form approved by the National  
22 Convention of Insurance Commissioners or such other form as  
23 may be prescribed in lieu thereof.

24 (2) Reinsurance. If the principal source of premiums  
25 written by an insurance company consists of premiums for  
26 reinsurance accepted by it, the business income of such

1 company shall be apportioned to this State by multiplying  
2 such income by a fraction, the numerator of which is the  
3 sum of (i) direct premiums written for insurance upon  
4 property or risk in this State, plus (ii) premiums written  
5 for reinsurance accepted in respect of property or risk in  
6 this State, and the denominator of which is the sum of  
7 (iii) direct premiums written for insurance upon property  
8 or risk everywhere, plus (iv) premiums written for  
9 reinsurance accepted in respect of property or risk  
10 everywhere. For purposes of this paragraph, premiums  
11 written for reinsurance accepted in respect of property or  
12 risk in this State, whether or not otherwise determinable,  
13 may, at the election of the company, be determined on the  
14 basis of the proportion which premiums written for  
15 reinsurance accepted from companies commercially domiciled  
16 in Illinois bears to premiums written for reinsurance  
17 accepted from all sources, or, alternatively, in the  
18 proportion which the sum of the direct premiums written for  
19 insurance upon property or risk in this State by each  
20 ceding company from which reinsurance is accepted bears to  
21 the sum of the total direct premiums written by each such  
22 ceding company for the taxable year. The election made by a  
23 company under this paragraph for its first taxable year  
24 ending on or after December 31, 2011, shall be binding for  
25 that company for that taxable year and for all subsequent  
26 taxable years, and may be altered only with the written

1 permission of the Department, which shall not be  
2 unreasonably withheld.

3 (c) Financial organizations.

4 (1) In general. For taxable years ending before  
5 December 31, 2008, business income of a financial  
6 organization shall be apportioned to this State by  
7 multiplying such income by a fraction, the numerator of  
8 which is its business income from sources within this  
9 State, and the denominator of which is its business income  
10 from all sources. For the purposes of this subsection, the  
11 business income of a financial organization from sources  
12 within this State is the sum of the amounts referred to in  
13 subparagraphs (A) through (E) following, but excluding the  
14 adjusted income of an international banking facility as  
15 determined in paragraph (2):

16 (A) Fees, commissions or other compensation for  
17 financial services rendered within this State;

18 (B) Gross profits from trading in stocks, bonds or  
19 other securities managed within this State;

20 (C) Dividends, and interest from Illinois  
21 customers, which are received within this State;

22 (D) Interest charged to customers at places of  
23 business maintained within this State for carrying  
24 debit balances of margin accounts, without deduction  
25 of any costs incurred in carrying such accounts; and

26 (E) Any other gross income resulting from the

1 operation as a financial organization within this  
2 State. In computing the amounts referred to in  
3 paragraphs (A) through (E) of this subsection, any  
4 amount received by a member of an affiliated group  
5 (determined under Section 1504(a) of the Internal  
6 Revenue Code but without reference to whether any such  
7 corporation is an "includible corporation" under  
8 Section 1504(b) of the Internal Revenue Code) from  
9 another member of such group shall be included only to  
10 the extent such amount exceeds expenses of the  
11 recipient directly related thereto.

12 (2) International Banking Facility. For taxable years  
13 ending before December 31, 2008:

14 (A) Adjusted Income. The adjusted income of an  
15 international banking facility is its income reduced  
16 by the amount of the floor amount.

17 (B) Floor Amount. The floor amount shall be the  
18 amount, if any, determined by multiplying the income of  
19 the international banking facility by a fraction, not  
20 greater than one, which is determined as follows:

21 (i) The numerator shall be:

22 The average aggregate, determined on a  
23 quarterly basis, of the financial organization's  
24 loans to banks in foreign countries, to foreign  
25 domiciled borrowers (except where secured  
26 primarily by real estate) and to foreign

1 governments and other foreign official  
2 institutions, as reported for its branches,  
3 agencies and offices within the state on its  
4 "Consolidated Report of Condition", Schedule A,  
5 Lines 2.c., 5.b., and 7.a., which was filed with  
6 the Federal Deposit Insurance Corporation and  
7 other regulatory authorities, for the year 1980,  
8 minus

9 The average aggregate, determined on a  
10 quarterly basis, of such loans (other than loans of  
11 an international banking facility), as reported by  
12 the financial institution for its branches,  
13 agencies and offices within the state, on the  
14 corresponding Schedule and lines of the  
15 Consolidated Report of Condition for the current  
16 taxable year, provided, however, that in no case  
17 shall the amount determined in this clause (the  
18 subtrahend) exceed the amount determined in the  
19 preceding clause (the minuend); and

20 (ii) the denominator shall be the average  
21 aggregate, determined on a quarterly basis, of the  
22 international banking facility's loans to banks in  
23 foreign countries, to foreign domiciled borrowers  
24 (except where secured primarily by real estate)  
25 and to foreign governments and other foreign  
26 official institutions, which were recorded in its

1 financial accounts for the current taxable year.

2 (C) Change to Consolidated Report of Condition and  
3 in Qualification. In the event the Consolidated Report  
4 of Condition which is filed with the Federal Deposit  
5 Insurance Corporation and other regulatory authorities  
6 is altered so that the information required for  
7 determining the floor amount is not found on Schedule  
8 A, lines 2.c., 5.b. and 7.a., the financial institution  
9 shall notify the Department and the Department may, by  
10 regulations or otherwise, prescribe or authorize the  
11 use of an alternative source for such information. The  
12 financial institution shall also notify the Department  
13 should its international banking facility fail to  
14 qualify as such, in whole or in part, or should there  
15 be any amendment or change to the Consolidated Report  
16 of Condition, as originally filed, to the extent such  
17 amendment or change alters the information used in  
18 determining the floor amount.

19 (3) For taxable years ending on or after December 31,  
20 2008, the business income of a financial organization shall  
21 be apportioned to this State by multiplying such income by  
22 a fraction, the numerator of which is its gross receipts  
23 from sources in this State or otherwise attributable to  
24 this State's marketplace and the denominator of which is  
25 its gross receipts everywhere during the taxable year.  
26 "Gross receipts" for purposes of this subparagraph (3)

1 means gross income, including net taxable gain on  
2 disposition of assets, including securities and money  
3 market instruments, when derived from transactions and  
4 activities in the regular course of the financial  
5 organization's trade or business. The following examples  
6 are illustrative:

7 (i) Receipts from the lease or rental of real or  
8 tangible personal property are in this State if the  
9 property is located in this State during the rental  
10 period. Receipts from the lease or rental of tangible  
11 personal property that is characteristically moving  
12 property, including, but not limited to, motor  
13 vehicles, rolling stock, aircraft, vessels, or mobile  
14 equipment are from sources in this State to the extent  
15 that the property is used in this State.

16 (ii) Interest income, commissions, fees, gains on  
17 disposition, and other receipts from assets in the  
18 nature of loans that are secured primarily by real  
19 estate or tangible personal property are from sources  
20 in this State if the security is located in this State.

21 (iii) Interest income, commissions, fees, gains on  
22 disposition, and other receipts from consumer loans  
23 that are not secured by real or tangible personal  
24 property are from sources in this State if the debtor  
25 is a resident of this State.

26 (iv) Interest income, commissions, fees, gains on

1 disposition, and other receipts from commercial loans  
2 and installment obligations that are not secured by  
3 real or tangible personal property are from sources in  
4 this State if the proceeds of the loan are to be  
5 applied in this State. If it cannot be determined where  
6 the funds are to be applied, the income and receipts  
7 are from sources in this State if the office of the  
8 borrower from which the loan was negotiated in the  
9 regular course of business is located in this State. If  
10 the location of this office cannot be determined, the  
11 income and receipts shall be excluded from the  
12 numerator and denominator of the sales factor.

13 (v) Interest income, fees, gains on disposition,  
14 service charges, merchant discount income, and other  
15 receipts from credit card receivables are from sources  
16 in this State if the card charges are regularly billed  
17 to a customer in this State.

18 (vi) Receipts from the performance of services,  
19 including, but not limited to, fiduciary, advisory,  
20 and brokerage services, are in this State if the  
21 services are received in this State within the meaning  
22 of subparagraph (a) (3) (C-5) (iv) of this Section.

23 (vii) Receipts from the issuance of travelers  
24 checks and money orders are from sources in this State  
25 if the checks and money orders are issued from a  
26 location within this State.

1           (viii) Receipts from investment assets and  
2 activities and trading assets and activities are  
3 included in the receipts factor as follows:

4           (1) Interest, dividends, net gains (but not  
5 less than zero) and other income from investment  
6 assets and activities from trading assets and  
7 activities shall be included in the receipts  
8 factor. Investment assets and activities and  
9 trading assets and activities include but are not  
10 limited to: investment securities; trading account  
11 assets; federal funds; securities purchased and  
12 sold under agreements to resell or repurchase;  
13 options; futures contracts; forward contracts;  
14 notional principal contracts such as swaps;  
15 equities; and foreign currency transactions. With  
16 respect to the investment and trading assets and  
17 activities described in subparagraphs (A) and (B)  
18 of this paragraph, the receipts factor shall  
19 include the amounts described in such  
20 subparagraphs.

21           (A) The receipts factor shall include the  
22 amount by which interest from federal funds  
23 sold and securities purchased under resale  
24 agreements exceeds interest expense on federal  
25 funds purchased and securities sold under  
26 repurchase agreements.

1           (B) The receipts factor shall include the  
2           amount by which interest, dividends, gains and  
3           other income from trading assets and  
4           activities, including but not limited to  
5           assets and activities in the matched book, in  
6           the arbitrage book, and foreign currency  
7           transactions, exceed amounts paid in lieu of  
8           interest, amounts paid in lieu of dividends,  
9           and losses from such assets and activities.

10           (2) The numerator of the receipts factor  
11           includes interest, dividends, net gains (but not  
12           less than zero), and other income from investment  
13           assets and activities and from trading assets and  
14           activities described in paragraph (1) of this  
15           subsection that are attributable to this State.

16           (A) The amount of interest, dividends, net  
17           gains (but not less than zero), and other  
18           income from investment assets and activities  
19           in the investment account to be attributed to  
20           this State and included in the numerator is  
21           determined by multiplying all such income from  
22           such assets and activities by a fraction, the  
23           numerator of which is the gross income from  
24           such assets and activities which are properly  
25           assigned to a fixed place of business of the  
26           taxpayer within this State and the denominator

1 of which is the gross income from all such  
2 assets and activities.

3 (B) The amount of interest from federal  
4 funds sold and purchased and from securities  
5 purchased under resale agreements and  
6 securities sold under repurchase agreements  
7 attributable to this State and included in the  
8 numerator is determined by multiplying the  
9 amount described in subparagraph (A) of  
10 paragraph (1) of this subsection from such  
11 funds and such securities by a fraction, the  
12 numerator of which is the gross income from  
13 such funds and such securities which are  
14 properly assigned to a fixed place of business  
15 of the taxpayer within this State and the  
16 denominator of which is the gross income from  
17 all such funds and such securities.

18 (C) The amount of interest, dividends,  
19 gains, and other income from trading assets and  
20 activities, including but not limited to  
21 assets and activities in the matched book, in  
22 the arbitrage book and foreign currency  
23 transactions (but excluding amounts described  
24 in subparagraphs (A) or (B) of this paragraph),  
25 attributable to this State and included in the  
26 numerator is determined by multiplying the

1 amount described in subparagraph (B) of  
2 paragraph (1) of this subsection by a fraction,  
3 the numerator of which is the gross income from  
4 such trading assets and activities which are  
5 properly assigned to a fixed place of business  
6 of the taxpayer within this State and the  
7 denominator of which is the gross income from  
8 all such assets and activities.

9 (D) Properly assigned, for purposes of  
10 this paragraph (2) of this subsection, means  
11 the investment or trading asset or activity is  
12 assigned to the fixed place of business with  
13 which it has a preponderance of substantive  
14 contacts. An investment or trading asset or  
15 activity assigned by the taxpayer to a fixed  
16 place of business without the State shall be  
17 presumed to have been properly assigned if:

18 (i) the taxpayer has assigned, in the  
19 regular course of its business, such asset  
20 or activity on its records to a fixed place  
21 of business consistent with federal or  
22 state regulatory requirements;

23 (ii) such assignment on its records is  
24 based upon substantive contacts of the  
25 asset or activity to such fixed place of  
26 business; and

1 (iii) the taxpayer uses such records  
2 reflecting assignment of such assets or  
3 activities for the filing of all state and  
4 local tax returns for which an assignment  
5 of such assets or activities to a fixed  
6 place of business is required.

7 (E) The presumption of proper assignment  
8 of an investment or trading asset or activity  
9 provided in subparagraph (D) of paragraph (2)  
10 of this subsection may be rebutted upon a  
11 showing by the Department, supported by a  
12 preponderance of the evidence, that the  
13 preponderance of substantive contacts  
14 regarding such asset or activity did not occur  
15 at the fixed place of business to which it was  
16 assigned on the taxpayer's records. If the  
17 fixed place of business that has a  
18 preponderance of substantive contacts cannot  
19 be determined for an investment or trading  
20 asset or activity to which the presumption in  
21 subparagraph (D) of paragraph (2) of this  
22 subsection does not apply or with respect to  
23 which that presumption has been rebutted, that  
24 asset or activity is properly assigned to the  
25 state in which the taxpayer's commercial  
26 domicile is located. For purposes of this

1           subparagraph (E), it shall be presumed,  
2           subject to rebuttal, that taxpayer's  
3           commercial domicile is in the state of the  
4           United States or the District of Columbia to  
5           which the greatest number of employees are  
6           regularly connected with the management of the  
7           investment or trading income or out of which  
8           they are working, irrespective of where the  
9           services of such employees are performed, as of  
10          the last day of the taxable year.

11           (4) (Blank).

12           (5) (Blank).

13          (c-1) Federally-Regulated Exchanges. For taxable years  
14 ending on or after December 31, 2012, business income of a  
15 federally-regulated exchange shall be apportioned to this  
16 State by multiplying such income by a fraction, the numerator  
17 of which is its business income from sources within this State,  
18 and the denominator of which is its business income from all  
19 sources. For purposes of this subsection, the business income  
20 within this State of a federally-regulated exchange is the sum  
21 of the following:

22           (1) Receipts attributable to transactions executed on  
23 a physical trading floor if that physical trading floor is  
24 located in this State.

25           (2) Receipts attributable to all other matching,  
26 execution, or clearing transactions, including without

1 limitation receipts from the provision of matching,  
2 execution, or clearing services to another entity,  
3 multiplied by (i) for taxable years ending on or after  
4 December 31, 2012 but before December 31, 2013, 63.77%; and  
5 (ii) for taxable years ending on or after December 31,  
6 2013, 27.54%.

7 (3) Receipts from all other sales of services if the  
8 services are received in this State. For the purposes of  
9 this subsection, gross receipts from the performance of  
10 services provided to a corporation, partnership, or trust  
11 may only be attributed to a state where that corporation,  
12 partnership, or trust has a fixed place of business. If the  
13 state where the services are received is not readily  
14 determinable or is a state where the corporation,  
15 partnership, or trust receiving the service does not have a  
16 fixed place of business, the services shall be deemed to be  
17 received at the location of the office of the customer from  
18 which the services were ordered in the regular course of  
19 the customer's trade or business. If the ordering office  
20 cannot be determined, the services shall be deemed to be  
21 received at the office of the customer to whom the services  
22 are billed.

23 (4) All other receipts not governed by subparagraphs  
24 (1), (2), or (3) of this subsection (c-1), to the extent  
25 the receipts would be characterized as "sales in this  
26 State" under item (3) of subsection (a) of this Section.

1       "Federally-regulated exchange" means (i) a "registered  
2 entity" within the meaning of 7 U.S.C. Section 1a(40), (ii) an  
3 "exchange", "clearing agency", "security based swap data  
4 repository", or "security based swap data execution facility"  
5 within the meaning of 15 U.S.C. Section 78c (a) (1), (23), (75)  
6 or (77), (iii) any such entities regulated under any successor  
7 regulatory structure to the foregoing, and (iv) all taxpayers  
8 who are members of the same unitary business group as a  
9 federally-regulated exchange, determined without regard to the  
10 prohibition in Section 1501(a)(27) of this Act against  
11 including in a unitary business group taxpayers who are  
12 ordinarily required to apportion business income under  
13 different subsections of this Section.

14       In no event shall the Illinois apportionment percentage  
15 computed in accordance with this subsection (c-1) for any  
16 taxpayer for any tax year be less than the Illinois  
17 apportionment percentage computed under this subsection (c-1)  
18 for that taxpayer for the first full tax year ending on or  
19 after December 31, 2013 for which this subsection (c-1) applied  
20 to the taxpayer.

21       (d) Transportation services. For taxable years ending  
22 before December 31, 2008, business income derived from  
23 furnishing transportation services shall be apportioned to  
24 this State in accordance with paragraphs (1) and (2):

25           (1) Such business income (other than that derived from  
26           transportation by pipeline) shall be apportioned to this

1 State by multiplying such income by a fraction, the  
2 numerator of which is the revenue miles of the person in  
3 this State, and the denominator of which is the revenue  
4 miles of the person everywhere. For purposes of this  
5 paragraph, a revenue mile is the transportation of 1  
6 passenger or 1 net ton of freight the distance of 1 mile  
7 for a consideration. Where a person is engaged in the  
8 transportation of both passengers and freight, the  
9 fraction above referred to shall be determined by means of  
10 an average of the passenger revenue mile fraction and the  
11 freight revenue mile fraction, weighted to reflect the  
12 person's

13 (A) relative railway operating income from total  
14 passenger and total freight service, as reported to the  
15 Interstate Commerce Commission, in the case of  
16 transportation by railroad, and

17 (B) relative gross receipts from passenger and  
18 freight transportation, in case of transportation  
19 other than by railroad.

20 (2) Such business income derived from transportation  
21 by pipeline shall be apportioned to this State by  
22 multiplying such income by a fraction, the numerator of  
23 which is the revenue miles of the person in this State, and  
24 the denominator of which is the revenue miles of the person  
25 everywhere. For the purposes of this paragraph, a revenue  
26 mile is the transportation by pipeline of 1 barrel of oil,

1 1,000 cubic feet of gas, or of any specified quantity of  
2 any other substance, the distance of 1 mile for a  
3 consideration.

4 (3) For taxable years ending on or after December 31,  
5 2008, business income derived from providing  
6 transportation services other than airline services shall  
7 be apportioned to this State by using a fraction, (a) the  
8 numerator of which shall be (i) all receipts from any  
9 movement or shipment of people, goods, mail, oil, gas, or  
10 any other substance (other than by airline) that both  
11 originates and terminates in this State, plus (ii) that  
12 portion of the person's gross receipts from movements or  
13 shipments of people, goods, mail, oil, gas, or any other  
14 substance (other than by airline) that originates in one  
15 state or jurisdiction and terminates in another state or  
16 jurisdiction, that is determined by the ratio that the  
17 miles traveled in this State bears to total miles  
18 everywhere and (b) the denominator of which shall be all  
19 revenue derived from the movement or shipment of people,  
20 goods, mail, oil, gas, or any other substance (other than  
21 by airline). Where a taxpayer is engaged in the  
22 transportation of both passengers and freight, the  
23 fraction above referred to shall first be determined  
24 separately for passenger miles and freight miles. Then an  
25 average of the passenger miles fraction and the freight  
26 miles fraction shall be weighted to reflect the taxpayer's:

1 (A) relative railway operating income from total  
2 passenger and total freight service, as reported to the  
3 Surface Transportation Board, in the case of  
4 transportation by railroad; and

5 (B) relative gross receipts from passenger and  
6 freight transportation, in case of transportation  
7 other than by railroad.

8 (4) For taxable years ending on or after December 31,  
9 2008, business income derived from furnishing airline  
10 transportation services shall be apportioned to this State  
11 by multiplying such income by a fraction, the numerator of  
12 which is the revenue miles of the person in this State, and  
13 the denominator of which is the revenue miles of the person  
14 everywhere. For purposes of this paragraph, a revenue mile  
15 is the transportation of one passenger or one net ton of  
16 freight the distance of one mile for a consideration. If a  
17 person is engaged in the transportation of both passengers  
18 and freight, the fraction above referred to shall be  
19 determined by means of an average of the passenger revenue  
20 mile fraction and the freight revenue mile fraction,  
21 weighted to reflect the person's relative gross receipts  
22 from passenger and freight airline transportation.

23 (e) Combined apportionment. Where 2 or more persons are  
24 engaged in a unitary business as described in subsection  
25 (a) (27) of Section 1501, a part of which is conducted in this  
26 State by one or more members of the group, the business income

1 attributable to this State by any such member or members shall  
2 be apportioned by means of the combined apportionment method.

3 (f) Alternative allocation. If the allocation and  
4 apportionment provisions of subsections (a) through (e) and of  
5 subsection (h) do not fairly represent the extent of a person's  
6 business activity in this State, the person may petition for,  
7 or the Director may, without a petition, permit or require, in  
8 respect of all or any part of the person's business activity,  
9 if reasonable:

10 (1) Separate accounting;

11 (2) The exclusion of any one or more factors;

12 (3) The inclusion of one or more additional factors  
13 which will fairly represent the person's business  
14 activities in this State; or

15 (4) The employment of any other method to effectuate an  
16 equitable allocation and apportionment of the person's  
17 business income.

18 (g) Cross reference. For allocation of business income by  
19 residents, see Section 301(a).

20 (h) For tax years ending on or after December 31, 1998, the  
21 apportionment factor of persons who apportion their business  
22 income to this State under subsection (a) shall be equal to:

23 (1) for tax years ending on or after December 31, 1998  
24 and before December 31, 1999,  $16 \frac{2}{3}\%$  of the property  
25 factor plus  $16 \frac{2}{3}\%$  of the payroll factor plus  $66 \frac{2}{3}\%$  of  
26 the sales factor;

1           (2) for tax years ending on or after December 31, 1999  
2           and before December 31, 2000, 8 1/3% of the property factor  
3           plus 8 1/3% of the payroll factor plus 83 1/3% of the sales  
4           factor;

5           (3) for tax years ending on or after December 31, 2000,  
6           the sales factor.

7           If, in any tax year ending on or after December 31, 1998 and  
8           before December 31, 2000, the denominator of the payroll,  
9           property, or sales factor is zero, the apportionment factor  
10          computed in paragraph (1) or (2) of this subsection for that  
11          year shall be divided by an amount equal to 100% minus the  
12          percentage weight given to each factor whose denominator is  
13          equal to zero.

14          (Source: P.A. 96-763, eff. 8-25-09; 97-507, eff. 8-23-11.)

15           Section 10. The Economic Development for a Growing Economy  
16          Tax Credit Act is amended by changing Section 5-15 as follows:

17           (35 ILCS 10/5-15)

18           Sec. 5-15. Tax Credit Awards. Subject to the conditions set  
19          forth in this Act, a Taxpayer is entitled to a Credit against  
20          or, as described in subsection (g) of this Section, a payment  
21          towards taxes imposed pursuant to subsections (a) and (b) of  
22          Section 201 of the Illinois Income Tax Act that may be imposed  
23          on the Taxpayer for a taxable year beginning on or after  
24          January 1, 1999, if the Taxpayer is awarded a Credit by the

1 Department under this Act for that taxable year.

2 (a) The Department shall make Credit awards under this Act  
3 to foster job creation and retention in Illinois.

4 (b) A person that proposes a project to create new jobs in  
5 Illinois must enter into an Agreement with the Department for  
6 the Credit under this Act.

7 (c) The Credit shall be claimed for the taxable years  
8 specified in the Agreement.

9 (d) The Credit shall not exceed the Incremental Income Tax  
10 attributable to the project that is the subject of the  
11 Agreement.

12 (e) Nothing herein shall prohibit a Tax Credit Award to an  
13 Applicant that uses a PEO if all other award criteria are  
14 satisfied.

15 (f) In lieu of the Credit allowed under this Act against  
16 the taxes imposed pursuant to subsections (a) and (b) of  
17 Section 201 of the Illinois Income Tax Act for any taxable year  
18 ending on or after December 31, 2009, the Taxpayer may elect to  
19 claim the Credit against its obligation to pay over withholding  
20 under Section 704A of the Illinois Income Tax Act.

21 (1) The election under this subsection (f) may be made  
22 only by a Taxpayer that (i) is primarily engaged in one of  
23 the following business activities: water purification and  
24 treatment, motor vehicle metal stamping, automobile  
25 manufacturing, automobile and light duty motor vehicle  
26 manufacturing, motor vehicle manufacturing, light truck

1 and utility vehicle manufacturing, heavy duty truck  
2 manufacturing, motor vehicle body manufacturing, cable  
3 television infrastructure design or manufacturing, or  
4 wireless telecommunication or computing terminal device  
5 design or manufacturing for use on public networks and (ii)  
6 meets the following criteria:

7 (A) the Taxpayer (i) had an Illinois net loss or an  
8 Illinois net loss deduction under Section 207 of the  
9 Illinois Income Tax Act for the taxable year in which  
10 the Credit is awarded, (ii) employed a minimum of 1,000  
11 full-time employees in this State during the taxable  
12 year in which the Credit is awarded, (iii) has an  
13 Agreement under this Act on December 14, 2009 (the  
14 effective date of Public Act 96-834), and (iv) is in  
15 compliance with all provisions of that Agreement;

16 (B) the Taxpayer (i) had an Illinois net loss or an  
17 Illinois net loss deduction under Section 207 of the  
18 Illinois Income Tax Act for the taxable year in which  
19 the Credit is awarded, (ii) employed a minimum of 1,000  
20 full-time employees in this State during the taxable  
21 year in which the Credit is awarded, and (iii) has  
22 applied for an Agreement within 365 days after December  
23 14, 2009 (the effective date of Public Act 96-834);

24 (C) the Taxpayer (i) had an Illinois net operating  
25 loss carryforward under Section 207 of the Illinois  
26 Income Tax Act in a taxable year ending during calendar

1 year 2008, (ii) has applied for an Agreement within 150  
2 days after the effective date of this amendatory Act of  
3 the 96th General Assembly, (iii) creates at least 400  
4 new jobs in Illinois, (iv) retains at least 2,000 jobs  
5 in Illinois that would have been at risk of relocation  
6 out of Illinois over a 10-year period, and (v) makes a  
7 capital investment of at least \$75,000,000;

8 (D) the Taxpayer (i) had an Illinois net operating  
9 loss carryforward under Section 207 of the Illinois  
10 Income Tax Act in a taxable year ending during calendar  
11 year 2009, (ii) has applied for an Agreement within 150  
12 days after the effective date of this amendatory Act of  
13 the 96th General Assembly, (iii) creates at least 150  
14 new jobs, (iv) retains at least 1,000 jobs in Illinois  
15 that would have been at risk of relocation out of  
16 Illinois over a 10-year period, and (v) makes a capital  
17 investment of at least \$57,000,000; or

18 (E) the Taxpayer (i) employed at least 2,500  
19 full-time employees in the State during the year in  
20 which the Credit is awarded, (ii) commits to make at  
21 least \$500,000,000 in combined capital improvements  
22 and project costs under the Agreement, (iii) applies  
23 for an Agreement between January 1, 2011 and June 30,  
24 2011, (iv) executes an Agreement for the Credit during  
25 calendar year 2011, and (v) was incorporated no more  
26 than 5 years before the filing of an application for an

1 Agreement.

2 (1.5) The election under this subsection (f) may also  
3 be made by a Taxpayer for any Credit awarded pursuant to an  
4 agreement that was executed between January 1, 2011 and  
5 June 30, 2011, if the Taxpayer (i) is primarily engaged in  
6 the manufacture of inner tubes or tires, or both, from  
7 natural and synthetic rubber, (ii) employs a minimum of  
8 2,400 full-time employees in Illinois at the time of  
9 application, (iii) creates at least 350 full-time jobs and  
10 retains at least 250 full-time jobs in Illinois that would  
11 have been at risk of being created or retained outside of  
12 Illinois, and (iv) makes a capital investment of at least  
13 \$200,000,000 at the project location.

14 (1.6) The election under this subsection (f) may also  
15 be made by a Taxpayer for any Credit awarded pursuant to an  
16 agreement that was executed within 150 days after the  
17 effective date of this amendatory Act of the 97th General  
18 Assembly, if the Taxpayer (i) is primarily engaged in the  
19 operation of a discount department store, (ii) maintains  
20 its corporate headquarters in Illinois, (iii) employs a  
21 minimum of 4,250 full time employees at its corporate  
22 headquarters in Illinois at the time of application, (iv)  
23 retains at least 4,250 full time jobs in Illinois that  
24 would have been at risk of being relocated outside of  
25 Illinois, (v) had a minimum of \$40,000,000,000 in total  
26 revenue in 2010, and (vi) makes a capital investment of at

1       least \$300,000,000 at the project location.

2           (2) An election under this subsection shall allow the  
3       credit to be taken against payments otherwise due under  
4       Section 704A of the Illinois Income Tax Act during the  
5       first calendar year beginning after the end of the taxable  
6       year in which the credit is awarded under this Act.

7           (3) The election shall be made in the form and manner  
8       required by the Illinois Department of Revenue and, once  
9       made, shall be irrevocable.

10          (4) If a Taxpayer who meets the requirements of  
11       subparagraph (A) of paragraph (1) of this subsection (f)  
12       elects to claim the Credit against its withholdings as  
13       provided in this subsection (f), then, on and after the  
14       date of the election, the terms of the Agreement between  
15       the Taxpayer and the Department may not be further amended  
16       during the term of the Agreement.

17          (g) A pass-through entity that has been awarded a credit  
18       under this Act, its shareholders, or its partners may treat  
19       some or all of the credit awarded pursuant to this Act as a tax  
20       payment for purposes of the Illinois Income Tax Act. The term  
21       "tax payment" means a payment as described in Article 6 or  
22       Article 8 of the Illinois Income Tax Act or a composite payment  
23       made by a pass-through entity on behalf of any of its  
24       shareholders or partners to satisfy such shareholders' or  
25       partners' taxes imposed pursuant to subsections (a) and (b) of  
26       Section 201 of the Illinois Income Tax Act. In no event shall

1 the amount of the award credited pursuant to this Act exceed  
2 the Illinois income tax liability of the pass-through entity or  
3 its shareholders or partners for the taxable year.

4 (Source: P.A. 96-834, eff. 12-14-09; 96-836, eff. 12-16-09;  
5 96-905, eff. 6-4-10; 96-1000, eff. 7-2-10; 96-1534, eff.  
6 3-4-11; 97-2, eff. 5-6-11.)

7 Section 15. The Illinois Estate and Generation-Skipping  
8 Transfer Tax Act is amended by changing Section 2 as follows:

9 (35 ILCS 405/2) (from Ch. 120, par. 405A-2)

10 Sec. 2. Definitions.

11 "Federal estate tax" means the tax due to the United States  
12 with respect to a taxable transfer under Chapter 11 of the  
13 Internal Revenue Code.

14 "Federal generation-skipping transfer tax" means the tax  
15 due to the United States with respect to a taxable transfer  
16 under Chapter 13 of the Internal Revenue Code.

17 "Federal return" means the federal estate tax return with  
18 respect to the federal estate tax and means the federal  
19 generation-skipping transfer tax return with respect to the  
20 federal generation-skipping transfer tax.

21 "Federal transfer tax" means the federal estate tax or the  
22 federal generation-skipping transfer tax.

23 "Illinois estate tax" means the tax due to this State with  
24 respect to a taxable transfer.

1 "Illinois generation-skipping transfer tax" means the tax  
2 due to this State with respect to a taxable transfer that gives  
3 rise to a federal generation-skipping transfer tax.

4 "Illinois transfer tax" means the Illinois estate tax or  
5 the Illinois generation-skipping transfer tax.

6 "Internal Revenue Code" means, unless otherwise provided,  
7 the Internal Revenue Code of 1986, as amended from time to  
8 time.

9 "Non-resident trust" means a trust that is not a resident  
10 of this State for purposes of the Illinois Income Tax Act, as  
11 amended from time to time.

12 "Person" means and includes any individual, trust, estate,  
13 partnership, association, company or corporation.

14 "Qualified heir" means a qualified heir as defined in  
15 Section 2032A(e) (1) of the Internal Revenue Code.

16 "Resident trust" means a trust that is a resident of this  
17 State for purposes of the Illinois Income Tax Act, as amended  
18 from time to time.

19 "State" means any state, territory or possession of the  
20 United States and the District of Columbia.

21 "State tax credit" means:

22 (a) For persons dying on or after January 1, 2003 and  
23 through December 31, 2005, an amount equal to the full credit  
24 calculable under Section 2011 or Section 2604 of the Internal  
25 Revenue Code as the credit would have been computed and allowed  
26 under the Internal Revenue Code as in effect on December 31,

1 2001, without the reduction in the State Death Tax Credit as  
2 provided in Section 2011(b) (2) or the termination of the State  
3 Death Tax Credit as provided in Section 2011(f) as enacted by  
4 the Economic Growth and Tax Relief Reconciliation Act of 2001,  
5 but recognizing the increased applicable exclusion amount  
6 through December 31, 2005.

7 (b) For persons dying after December 31, 2005 and on or  
8 before December 31, 2009, and for persons dying after December  
9 31, 2010, an amount equal to the full credit calculable under  
10 Section 2011 or 2604 of the Internal Revenue Code as the credit  
11 would have been computed and allowed under the Internal Revenue  
12 Code as in effect on December 31, 2001, without the reduction  
13 in the State Death Tax Credit as provided in Section 2011(b) (2)  
14 or the termination of the State Death Tax Credit as provided in  
15 Section 2011(f) as enacted by the Economic Growth and Tax  
16 Relief Reconciliation Act of 2001, but recognizing the  
17 exclusion amount of only (i) \$2,000,000 for persons dying prior  
18 to January 1, 2012, (ii) \$3,500,000 for persons dying on or  
19 after January 1, 2012 and prior to January 1, 2013, and (iii)  
20 \$5,000,000 for persons dying on or after January 1, 2013, and  
21 with reduction to the adjusted taxable estate for any qualified  
22 terminable interest property election as defined in subsection  
23 (b-1) of this Section.

24 (b-1) The person required to file the Illinois return may  
25 elect on a timely filed Illinois return a marital deduction for  
26 qualified terminable interest property under Section

1 2056(b)(7) of the Internal Revenue Code for purposes of the  
2 Illinois estate tax that is separate and independent of any  
3 qualified terminable interest property election for federal  
4 estate tax purposes. For purposes of the Illinois estate tax,  
5 the inclusion of property in the gross estate of a surviving  
6 spouse is the same as under Section 2044 of the Internal  
7 Revenue Code.

8 In the case of any trust for which a State or federal  
9 qualified terminable interest property election is made, the  
10 trustee may not retain non-income producing assets for more  
11 than a reasonable amount of time without the consent of the  
12 surviving spouse.

13 "Taxable transfer" means an event that gives rise to a  
14 state tax credit, including any credit as a result of the  
15 imposition of an additional tax under Section 2032A(c) of the  
16 Internal Revenue Code.

17 "Transferee" means a transferee within the meaning of  
18 Section 2603(a)(1) and Section 6901(h) of the Internal Revenue  
19 Code.

20 "Transferred property" means:

21 (1) With respect to a taxable transfer occurring at the  
22 death of an individual, the deceased individual's gross  
23 estate as defined in Section 2031 of the Internal Revenue  
24 Code.

25 (2) With respect to a taxable transfer occurring as a  
26 result of a taxable termination as defined in Section

1 2612(a) of the Internal Revenue Code, the taxable amount  
2 determined under Section 2622(a) of the Internal Revenue  
3 Code.

4 (3) With respect to a taxable transfer occurring as a  
5 result of a taxable distribution as defined in Section  
6 2612(b) of the Internal Revenue Code, the taxable amount  
7 determined under Section 2621(a) of the Internal Revenue  
8 Code.

9 (4) With respect to an event which causes the  
10 imposition of an additional estate tax under Section  
11 2032A(c) of the Internal Revenue Code, the qualified real  
12 property that was disposed of or which ceased to be used  
13 for the qualified use, within the meaning of Section  
14 2032A(c) (1) of the Internal Revenue Code.

15 "Trust" includes a trust as defined in Section 2652(b) (1)  
16 of the Internal Revenue Code.

17 (Source: P.A. 96-789, eff. 9-8-09; 96-1496, eff. 1-13-11.)

18 Section 30. The Illinois Municipal Code is amended by  
19 changing Section 11-74.4-3.5 as follows:

20 (65 ILCS 5/11-74.4-3.5)

21 Sec. 11-74.4-3.5. Completion dates for redevelopment  
22 projects.

23 (a) Unless otherwise stated in this Section, the estimated  
24 dates of completion of the redevelopment project and retirement

1 of obligations issued to finance redevelopment project costs  
2 (including refunding bonds under Section 11-74.4-7) may not be  
3 later than December 31 of the year in which the payment to the  
4 municipal treasurer, as provided in subsection (b) of Section  
5 11-74.4-8 of this Act, is to be made with respect to ad valorem  
6 taxes levied in the 23rd calendar year after the year in which  
7 the ordinance approving the redevelopment project area was  
8 adopted if the ordinance was adopted on or after January 15,  
9 1981.

10 (b) The estimated dates of completion of the redevelopment  
11 project and retirement of obligations issued to finance  
12 redevelopment project costs (including refunding bonds under  
13 Section 11-74.4-7) may not be later than December 31 of the  
14 year in which the payment to the municipal treasurer as  
15 provided in subsection (b) of Section 11-74.4-8 of this Act is  
16 to be made with respect to ad valorem taxes levied in the 32nd  
17 calendar year after the year in which the ordinance approving  
18 the redevelopment project area was adopted, if the ordinance  
19 was adopted on September 9, 1999 by the Village of Downs.

20 The estimated dates of completion of the redevelopment  
21 project and retirement of obligations issued to finance  
22 redevelopment project costs (including refunding bonds under  
23 Section 11-74.4-7) may not be later than December 31 of the  
24 year in which the payment to the municipal treasurer as  
25 provided in subsection (b) of Section 11-74.4-8 of this Act is  
26 to be made with respect to ad valorem taxes levied in the 33rd

1 calendar year after the year in which the ordinance approving  
2 the redevelopment project area was adopted, if the ordinance  
3 was adopted on May 20, 1985 by the Village of Wheeling.

4 The estimated dates of completion of the redevelopment  
5 project and retirement of obligations issued to finance  
6 redevelopment project costs (including refunding bonds under  
7 Section 11-74.4-7) may not be later than December 31 of the  
8 year in which the payment to the municipal treasurer as  
9 provided in subsection (b) of Section 11-74.4-8 of this Act is  
10 to be made with respect to ad valorem taxes levied in the 28th  
11 calendar year after the year in which the ordinance approving  
12 the redevelopment project area was adopted, if the ordinance  
13 was adopted on October 12, 1989 by the City of Lawrenceville.

14 The estimated dates of completion of the redevelopment  
15 project and retirement of obligations issued to finance  
16 redevelopment project costs (including refunding bonds under  
17 Section 11-74.4-7) may not be later than December 31 of the  
18 year in which the payment to the municipal treasurer as  
19 provided in subsection (b) of Section 11-74.4-8 of this Act is  
20 to be made with respect to ad valorem taxes levied in the 28th  
21 calendar year after the year in which the ordinance approving  
22 the redevelopment project area was adopted, if the ordinance  
23 was adopted on October 12, 1989 by the City of Lawrenceville.

24 (c) The estimated dates of completion of the redevelopment  
25 project and retirement of obligations issued to finance  
26 redevelopment project costs (including refunding bonds under

1 Section 11-74.4-7) may not be later than December 31 of the  
2 year in which the payment to the municipal treasurer as  
3 provided in subsection (b) of Section 11-74.4-8 of this Act is  
4 to be made with respect to ad valorem taxes levied in the 35th  
5 calendar year after the year in which the ordinance approving  
6 the redevelopment project area was adopted:

7 (1) if the ordinance was adopted before January 15,  
8 1981;

9 (2) if the ordinance was adopted in December 1983,  
10 April 1984, July 1985, or December 1989;

11 (3) if the ordinance was adopted in December 1987 and  
12 the redevelopment project is located within one mile of  
13 Midway Airport;

14 (4) if the ordinance was adopted before January 1, 1987  
15 by a municipality in Mason County;

16 (5) if the municipality is subject to the Local  
17 Government Financial Planning and Supervision Act or the  
18 Financially Distressed City Law;

19 (6) if the ordinance was adopted in December 1984 by  
20 the Village of Rosemont;

21 (7) if the ordinance was adopted on December 31, 1986  
22 by a municipality located in Clinton County for which at  
23 least \$250,000 of tax increment bonds were authorized on  
24 June 17, 1997, or if the ordinance was adopted on December  
25 31, 1986 by a municipality with a population in 1990 of  
26 less than 3,600 that is located in a county with a

1 population in 1990 of less than 34,000 and for which at  
2 least \$250,000 of tax increment bonds were authorized on  
3 June 17, 1997;

4 (8) if the ordinance was adopted on October 5, 1982 by  
5 the City of Kankakee, or if the ordinance was adopted on  
6 December 29, 1986 by East St. Louis;

7 (9) if the ordinance was adopted on November 12, 1991  
8 by the Village of Sauget;

9 (10) if the ordinance was adopted on February 11, 1985  
10 by the City of Rock Island;

11 (11) if the ordinance was adopted before December 18,  
12 1986 by the City of Moline;

13 (12) if the ordinance was adopted in September 1988 by  
14 Sauk Village;

15 (13) if the ordinance was adopted in October 1993 by  
16 Sauk Village;

17 (14) if the ordinance was adopted on December 29, 1986  
18 by the City of Galva;

19 (15) if the ordinance was adopted in March 1991 by the  
20 City of Centreville;

21 (16) if the ordinance was adopted on January 23, 1991  
22 by the City of East St. Louis;

23 (17) if the ordinance was adopted on December 22, 1986  
24 by the City of Aledo;

25 (18) if the ordinance was adopted on February 5, 1990  
26 by the City of Clinton;

1           (19) if the ordinance was adopted on September 6, 1994  
2           by the City of Freeport;

3           (20) if the ordinance was adopted on December 22, 1986  
4           by the City of Tuscola;

5           (21) if the ordinance was adopted on December 23, 1986  
6           by the City of Sparta;

7           (22) if the ordinance was adopted on December 23, 1986  
8           by the City of Beardstown;

9           (23) if the ordinance was adopted on April 27, 1981,  
10          October 21, 1985, or December 30, 1986 by the City of  
11          Belleville;

12          (24) if the ordinance was adopted on December 29, 1986  
13          by the City of Collinsville;

14          (25) if the ordinance was adopted on September 14, 1994  
15          by the City of Alton;

16          (26) if the ordinance was adopted on November 11, 1996  
17          by the City of Lexington;

18          (27) if the ordinance was adopted on November 5, 1984  
19          by the City of LeRoy;

20          (28) if the ordinance was adopted on April 3, 1991 or  
21          June 3, 1992 by the City of Markham;

22          (29) if the ordinance was adopted on November 11, 1986  
23          by the City of Pekin;

24          (30) if the ordinance was adopted on December 15, 1981  
25          by the City of Champaign;

26          (31) if the ordinance was adopted on December 15, 1986

1 by the City of Urbana;

2 (32) if the ordinance was adopted on December 15, 1986  
3 by the Village of Heyworth;

4 (33) if the ordinance was adopted on February 24, 1992  
5 by the Village of Heyworth;

6 (34) if the ordinance was adopted on March 16, 1995 by  
7 the Village of Heyworth;

8 (35) if the ordinance was adopted on December 23, 1986  
9 by the Town of Cicero;

10 (36) if the ordinance was adopted on December 30, 1986  
11 by the City of Effingham;

12 (37) if the ordinance was adopted on May 9, 1991 by the  
13 Village of Tilton;

14 (38) if the ordinance was adopted on October 20, 1986  
15 by the City of Elmhurst;

16 (39) if the ordinance was adopted on January 19, 1988  
17 by the City of Waukegan;

18 (40) if the ordinance was adopted on September 21, 1998  
19 by the City of Waukegan;

20 (41) if the ordinance was adopted on December 31, 1986  
21 by the City of Sullivan;

22 (42) if the ordinance was adopted on December 23, 1991  
23 by the City of Sullivan;

24 (43) if the ordinance was adopted on December 31, 1986  
25 by the City of Oglesby;

26 (44) if the ordinance was adopted on July 28, 1987 by

1 the City of Marion;

2 (45) if the ordinance was adopted on April 23, 1990 by  
3 the City of Marion;

4 (46) if the ordinance was adopted on August 20, 1985 by  
5 the Village of Mount Prospect;

6 (47) if the ordinance was adopted on February 2, 1998  
7 by the Village of Woodhull;

8 (48) if the ordinance was adopted on April 20, 1993 by  
9 the Village of Princeville;

10 (49) if the ordinance was adopted on July 1, 1986 by  
11 the City of Granite City;

12 (50) if the ordinance was adopted on February 2, 1989  
13 by the Village of Lombard;

14 (51) if the ordinance was adopted on December 29, 1986  
15 by the Village of Gardner;

16 (52) if the ordinance was adopted on July 14, 1999 by  
17 the Village of Paw Paw;

18 (53) if the ordinance was adopted on November 17, 1986  
19 by the Village of Franklin Park;

20 (54) if the ordinance was adopted on November 20, 1989  
21 by the Village of South Holland;

22 (55) if the ordinance was adopted on July 14, 1992 by  
23 the Village of Riverdale;

24 (56) if the ordinance was adopted on December 29, 1986  
25 by the City of Galesburg;

26 (57) if the ordinance was adopted on April 1, 1985 by

1 the City of Galesburg;

2 (58) if the ordinance was adopted on May 21, 1990 by  
3 the City of West Chicago;

4 (59) if the ordinance was adopted on December 16, 1986  
5 by the City of Oak Forest;

6 (60) if the ordinance was adopted in 1999 by the City  
7 of Villa Grove;

8 (61) if the ordinance was adopted on January 13, 1987  
9 by the Village of Mt. Zion;

10 (62) if the ordinance was adopted on December 30, 1986  
11 by the Village of Manteno;

12 (63) if the ordinance was adopted on April 3, 1989 by  
13 the City of Chicago Heights;

14 (64) if the ordinance was adopted on January 6, 1999 by  
15 the Village of Rosemont;

16 (65) if the ordinance was adopted on December 19, 2000  
17 by the Village of Stone Park;

18 (66) if the ordinance was adopted on December 22, 1986  
19 by the City of DeKalb;

20 (67) if the ordinance was adopted on December 2, 1986  
21 by the City of Aurora;

22 (68) if the ordinance was adopted on December 31, 1986  
23 by the Village of Milan;

24 (69) if the ordinance was adopted on September 8, 1994  
25 by the City of West Frankfort;

26 (70) if the ordinance was adopted on December 23, 1986

1 by the Village of Libertyville;

2 (71) if the ordinance was adopted on December 22, 1986  
3 by the Village of Hoffman Estates;

4 (72) if the ordinance was adopted on September 17, 1986  
5 by the Village of Sherman;

6 (73) if the ordinance was adopted on December 16, 1986  
7 by the City of Macomb;

8 (74) if the ordinance was adopted on June 11, 2002 by  
9 the City of East Peoria to create the West Washington  
10 Street TIF;

11 (75) if the ordinance was adopted on June 11, 2002 by  
12 the City of East Peoria to create the Camp Street TIF;

13 (76) if the ordinance was adopted on August 7, 2000 by  
14 the City of Des Plaines;

15 (77) if the ordinance was adopted on December 22, 1986  
16 by the City of Washington to create the Washington Square  
17 TIF #2;

18 (78) if the ordinance was adopted on December 29, 1986  
19 by the City of Morris;

20 (79) if the ordinance was adopted on July 6, 1998 by  
21 the Village of Steeleville;

22 (80) if the ordinance was adopted on December 29, 1986  
23 by the City of Pontiac to create TIF I (the Main St TIF);

24 (81) if the ordinance was adopted on December 29, 1986  
25 by the City of Pontiac to create TIF II (the Interstate  
26 TIF);

1           (82) if the ordinance was adopted on November 6, 2002  
2           by the City of Chicago to create the Madden/Wells TIF  
3           District;

4           (83) if the ordinance was adopted on November 4, 1998  
5           by the City of Chicago to create the Roosevelt/Racine TIF  
6           District;

7           (84) if the ordinance was adopted on June 10, 1998 by  
8           the City of Chicago to create the Stony Island  
9           Commercial/Burnside Industrial Corridors TIF District;

10          (85) if the ordinance was adopted on November 29, 1989  
11          by the City of Chicago to create the Englewood Mall TIF  
12          District;

13          (86) if the ordinance was adopted on December 27, 1986  
14          by the City of Mendota;

15          (87) if the ordinance was adopted on December 31, 1986  
16          by the Village of Cahokia;

17          (88) if the ordinance was adopted on September 20, 1999  
18          by the City of Belleville;

19          (89) if the ordinance was adopted on December 30, 1986  
20          by the Village of Bellevue to create the Bellevue TIF  
21          District 1;

22          (90) if the ordinance was adopted on December 13, 1993  
23          by the Village of Crete;

24          (91) if the ordinance was adopted on February 12, 2001  
25          by the Village of Crete;

26          (92) if the ordinance was adopted on April 23, 2001 by

1 the Village of Crete;

2 (93) if the ordinance was adopted on December 16, 1986  
3 by the City of Champaign;

4 (94) if the ordinance was adopted on December 20, 1986  
5 by the City of Charleston; ~~or~~

6 (95) ~~(94)~~ if the ordinance was adopted on June 6, 1989  
7 by the Village of Romeoville; ~~;~~

8 (96) ~~(95)~~ if the ordinance was adopted on October 14,  
9 1993 and amended on August 2, 2010 by the City of Venice; ~~;~~

10 (97) ~~(95)~~ if the ordinance was adopted on June 1, 1994  
11 by the City of Markham; ~~;~~

12 (98) ~~(95)~~ if the ordinance was adopted on May 19, 1998  
13 by the Village of Bensenville; ~~;~~

14 (99) if the ordinance was adopted on October 27, 1998  
15 by the City of Moline;

16 (100) if the ordinance was adopted on November 12, 1987  
17 by the City of Dixon; or

18 (101) if the ordinance was adopted on December 20, 1988  
19 by the City of Lansing.

20 (d) For redevelopment project areas for which bonds were  
21 issued before July 29, 1991, or for which contracts were  
22 entered into before June 1, 1988, in connection with a  
23 redevelopment project in the area within the State Sales Tax  
24 Boundary, the estimated dates of completion of the  
25 redevelopment project and retirement of obligations to finance  
26 redevelopment project costs (including refunding bonds under

1 Section 11-74.4-7) may be extended by municipal ordinance to  
2 December 31, 2013. The termination procedures of subsection (b)  
3 of Section 11-74.4-8 are not required for these redevelopment  
4 project areas in 2009 but are required in 2013. The extension  
5 allowed by Public Act 87-1272 shall not apply to real property  
6 tax increment allocation financing under Section 11-74.4-8.

7 (e) Those dates, for purposes of real property tax  
8 increment allocation financing pursuant to Section 11-74.4-8  
9 only, shall be not more than 35 years for redevelopment project  
10 areas that were adopted on or after December 16, 1986 and for  
11 which at least \$8 million worth of municipal bonds were  
12 authorized on or after December 19, 1989 but before January 1,  
13 1990; provided that the municipality elects to extend the life  
14 of the redevelopment project area to 35 years by the adoption  
15 of an ordinance after at least 14 but not more than 30 days'  
16 written notice to the taxing bodies, that would otherwise  
17 constitute the joint review board for the redevelopment project  
18 area, before the adoption of the ordinance.

19 (f) Those dates, for purposes of real property tax  
20 increment allocation financing pursuant to Section 11-74.4-8  
21 only, shall be not more than 35 years for redevelopment project  
22 areas that were established on or after December 1, 1981 but  
23 before January 1, 1982 and for which at least \$1,500,000 worth  
24 of tax increment revenue bonds were authorized on or after  
25 September 30, 1990 but before July 1, 1991; provided that the  
26 municipality elects to extend the life of the redevelopment

1 project area to 35 years by the adoption of an ordinance after  
2 at least 14 but not more than 30 days' written notice to the  
3 taxing bodies, that would otherwise constitute the joint review  
4 board for the redevelopment project area, before the adoption  
5 of the ordinance.

6 (g) In consolidating the material relating to completion  
7 dates from Sections 11-74.4-3 and 11-74.4-7 into this Section,  
8 it is not the intent of the General Assembly to make any  
9 substantive change in the law, except for the extension of the  
10 completion dates for the City of Aurora, the Village of Milan,  
11 the City of West Frankfort, the Village of Libertyville, and  
12 the Village of Hoffman Estates set forth under items (67),  
13 (68), (69), (70), and (71) of subsection (c) of this Section.

14 (Source: P.A. 96-127, eff. 8-4-09; 96-182, eff. 8-10-09;  
15 96-208, eff. 8-10-09; 96-209, eff. 1-1-10; 96-213, eff.  
16 8-10-09; 96-264, eff. 8-11-09; 96-328, eff. 8-11-09; 96-439,  
17 eff. 8-14-09; 96-454, eff. 8-14-09; 96-722, eff. 8-25-09;  
18 96-773, eff. 8-28-09; 96-830, eff. 12-4-09; 96-837, eff.  
19 12-16-09; 96-1000, eff. 7-2-10; 96-1359, eff. 7-28-10;  
20 96-1494, eff. 12-30-10; 96-1514, eff. 2-4-11; 96-1552, eff.  
21 3-10-11; 97-93, eff. 1-1-12; 97-372, eff. 8-15-11; 97-600, eff.  
22 8-26-11; revised 9-28-11.)

23 Section 35. The Limited Liability Company Act is amended by  
24 changing Section 50-10 as follows:

1 (805 ILCS 180/50-10)

2 Sec. 50-10. Fees.

3 (a) The Secretary of State shall charge and collect in  
4 accordance with the provisions of this Act and rules  
5 promulgated under its authority all of the following:

6 (1) Fees for filing documents.

7 (2) Miscellaneous charges.

8 (3) Fees for the sale of lists of filings and for  
9 copies of any documents.

10 (b) The Secretary of State shall charge and collect for all  
11 of the following:

12 (1) Filing articles of organization (domestic),  
13 application for admission (foreign), and restated articles  
14 of organization (domestic), \$500. Notwithstanding the  
15 foregoing, the fee for filing articles of organization  
16 (domestic), application for admission (foreign), and  
17 restated articles of organization (domestic) in connection  
18 with a limited liability company with a series pursuant to  
19 Section 37-40 of this Act is (i) \$750 before January 1,  
20 2012 and (ii) \$100 on and after January 1, 2012.

21 (2) Filing amendments (domestic or foreign), \$150.

22 (3) Filing articles of dissolution or application for  
23 withdrawal, \$100.

24 (4) Filing an application to reserve a name, \$300.

25 (5) Renewal fee for reserved name, \$100.

26 (6) Filing a notice of a transfer of a reserved name,

1           \$100.

2           (7) Registration of a name, \$300.

3           (8) Renewal of registration of a name, \$100.

4           (9) Filing an application for use of an assumed name  
5 under Section 1-20 of this Act, \$150 for each year or part  
6 thereof ending in 0 or 5, \$120 for each year or part  
7 thereof ending in 1 or 6, \$90 for each year or part thereof  
8 ending in 2 or 7, \$60 for each year or part thereof ending  
9 in 3 or 8, \$30 for each year or part thereof ending in 4 or  
10 9, and a renewal for each assumed name, \$150.

11          (10) Filing an application for change of an assumed  
12 name, \$100.

13          (11) Filing an annual report of a limited liability  
14 company or foreign limited liability company, \$250, if  
15 filed as required by this Act, plus a penalty if  
16 delinquent. Notwithstanding the foregoing, the fee for  
17 filing an annual report of a limited liability company or  
18 foreign limited liability company is \$250 plus \$50 for each  
19 series for which a certificate of designation has been  
20 filed pursuant to Section 37-40 of this Act, plus a penalty  
21 if delinquent.

22          (12) Filing an application for reinstatement of a  
23 limited liability company or foreign limited liability  
24 company \$500.

25          (13) Filing Articles of Merger, \$100 plus \$50 for each  
26 party to the merger in excess of the first 2 parties.

1           (14) Filing an Agreement of Conversion or Statement of  
2 Conversion, \$100.

3           (15) Filing a statement of change of address of  
4 registered office or change of registered agent, or both,  
5 or filing a statement of correction, \$25.

6           (16) Filing a petition for refund, \$15.

7           (17) Filing any other document, \$100.

8           (18) Filing a certificate of designation of a limited  
9 liability company with a series pursuant to Section 37-40  
10 of this Act, \$50.

11           (c) The Secretary of State shall charge and collect all of  
12 the following:

13           (1) For furnishing a copy or certified copy of any  
14 document, instrument, or paper relating to a limited  
15 liability company or foreign limited liability company, or  
16 for a certificate, \$25.

17           (2) For the transfer of information by computer process  
18 media to any purchaser, fees established by rule.

19           (Source: P.A. 94-605, eff. 1-1-06; 94-607, eff. 8-16-05;  
20 95-331, eff. 8-21-07.)".

21           Section 99. Effective date. This Act takes effect upon  
22 becoming law.".